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NEWS SUMMARY

GENERAL

die in Turkish mine disaster

...een coal miners were ... yesterday when a gas ...lon caused a cave-in at a ... Turkey's Black Sea coast. ... men were injured in the ...ll which took place be... 400 and 500 feet below sea ...

...ut 30 other men were ...t up unhurt in a four- ... rescue operation at the ... in the village of Kandizzi ... 120 miles north-west of ...a.

...a separate incident two Britons who had been ...ng at an Ankara language ... died after being over-...ed by odourless gases in a ...n south-west Turkey.

B ruling

Speaker imposed a rigid ...ions clampdown on any ...r use of Parliamentary ...ege by MPs to enable them ...ntify Colonel B, the Army ...igence officer involved in a ...s case. Back and Page 12

...ro demand

...ed Brigades in their eighth ...unique since the March 16 ...p of Sig. Aldo Moro, the ...r Italian Premier, ...tened to kill him unless the ...nment released 13 ...rists, some of whom are on ...in Turin. Page 3

...l protest

...t 100 Ulster Loyalist ...ers in Belfast's Maze prison ...d to leave their cells at the ...of a new protest against ...ation with Republican ...es. Republic of Ireland ... said they had seized one ...e provisional IRA's M-60 ...ine guns and 400 rounds of ...nition after chasing an ...r-registered car.

...a for Koreans

...U.S. embassy in Moscow ...ed the Soviet Foreign ...stry for the early release of ...pilot and navigator of the ...h Korean Boeing 707 which ...landed last week in north-...Russia.

...arst decision

...U.S. Supreme Court decided ... Miss Patricia Hearst, the ...paper heiress, must go back ...ail for her part in a 1974 ... robbery. It refused to con-... her appeal against a seven-... sentence for joining in the ...ery with the radical group ...h kidnapped her two months ...ier.

...d for guerillas

...joint communique following ...oscow visit by Sr. Malmierca, ...an Foreign Minister, Cuba ... the Soviet Union yesterday ...ised further assistance and ...port to guerilla movements ...ting in southern Africa. In ...ate President Machel of ...ambique reshuffled his ...ernment to place more ...phasis on the country's poor ...nomy. Page 4

...eutron denial

...nce denied it had tested a ...tron bomb and said it had no ...ns to experiment with the ...pon. Page 3

...iefly . . .

Morarji Desai, Indian Prime ...ister, criticised the U.S. for ...ding up nuclear fuel for India ...l warned he could be forced ...look elsewhere for it.

Jacques Rueff, the French ...nomic thinker and writer, has ...d in Paris. He was 81.

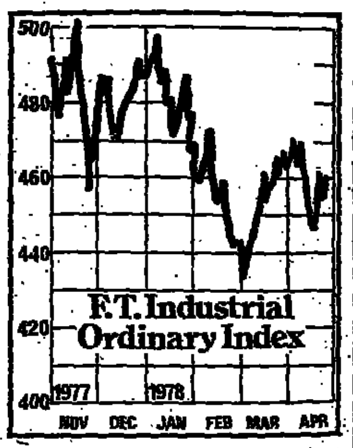
Richard Hanna, 83 a former ... Congressman, has been ...ed for from six to 30 months ... connection with the South ...rean bribery scandal.

...e Whitley Council, staff side, ...resenting about 1m. health ...vice workers, is to withdraw ... account from Barclays Bank ...ause of the bank's involve-...nt in South Africa.

BUSINESS

Equities up 5.4; Gilts firm

● EQUITIES were firm in modest scattered demand and the F.T. ordinary index closed 5.4 up at the day's best of 460.4.



● GILTS recorded gains of ¼ in longs following last Friday's announcement of a new long tap. The Government Securities index put on 0.31 to 71.88.

● STERLING fell 25 points to \$1.8235. Its trade-weighted average fell to 61.5 (61.6) and the dollar's depreciation, helped by early firmness against several currencies, narrowed to 4.52 per cent. (4.63).

● GOLD fell \$2½ to \$168⅝ on news of India's bullion sales, making a \$14¾ fall since Easter.

● WALL STREET was 4.33 up at 817.13, just before the close.

● GAS production from the Hewett Field—one of the U.K.'s most important natural gas fields—has begun to slow down. Page 8

● JAPAN faces a four-day strike of transport and communications workers—part of the unions' spring wage offensive—which threatens to paralyse main cities and cut links with other countries. Back Page

● EUROPEAN petrochemical producers should take joint action with their Governments and the EEC to cut overcapacity, European banks have been told. Back and Page 15

● SUPERMARKET price war is likely to continue, although food manufacturers face better long term prospects, a survey into the industry shows. Page 10.

● POTATO merchants and retailers, who have pleaded with the Government to relax controls on potato supplies, say taxpayers could face a £25m. market support bill if prices are not allowed to rise. Page 39

LABOUR

● BRITISH LEYLAND shop stewards have called for an independent public inquiry into the company's decision to close the Speke assembly plant. Back Page

● APEX has asked Mr. Len Murray to warn Mr. Clive Jenkins' union, ASTMS, not to interfere further in APEX recruitment in the Automobile Association. Page 11

● ACAS has found that there is little prospect of settlement over union representation of managers in the shipbuilding industry. Page 11

COMPANIES

● WILLIAM BAIRD pre-tax profits rose 64 per cent. from £4.83m. to £7.92m. in 1977 on turnover of £105.8m. (£81.72m.). Page 30

● SIMON ENGINEERING pre-tax profit rose by £4.3m. to £14.32m. on turnover £1.41m. lower at £197.36m. for the whole of 1977. Page 28 and Lex

● EASTMAN KODAK's worldwide earnings for the first quarter of 1978 rose 50 per cent. from \$94.2m. to \$141m. Page 34

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Treasury 14½% 1994	£114¼	+ ½
Allied Retailers	226	+ 9
Appleyard	91	+ 7
Automotive Products	124	+ 6
BR	101	+ 5
Bibby (J.)	232	+ 11
Brown & Jackson	88	+ 12
Corinthian Holdings	24	+ 3
De La Rue	272	+ 14
Executex Clothes	24	+ 5
F.C. Finance	78	+ 8
Farnell Elect.	238	+ 8
GUS A	288	+ 8
Guinness (A.)	180	+ 5
Hambros	179	+ 7
Hawker Siddeley	202	+ 8
Johnson-Richards Tiles	118	+ 5
Jourdan (T.)	41	+ 6
Marks & Spencer	148	+ 5
Mills & Allen Intl.	175	+ 8
Owen Owen	83	+ 6
Perry (H.)	196	+ 11
Redfearn Ntnl. Glass	295	+ 17
Rothmans Intl.	52½	+ 3
Saatchi Saatchi	131	+ 7
Thomson Org.	246	+ 24
Warner Holidays A.	28	+ 3
York Trailer	70	+ 4
LASMO	168	+ 10
Shell Transport	540	+ 12
Lunuva	155	+ 10
Anglo Utd. Dvlpmnt.	116	+ 8
RTZ	210	+ 4
Westfield Minerals	73	+ 5

FALLS:

London United	145	− 7
Willis Faber	257	− 10
Siebens (U.K.)	264	− 8
Blyvoor	301	− 13
Deelkraal	71½xr	− 6
Oakbridge	143	− 6

Schmidt softens his line on tackling world recession

BY REGINALD DALE

BRITAIN and West Germany appear to have narrowed their differences over how to tackle the world's economic and monetary problems after the meeting which ended in London last night.

The two sides are continuing to give different emphasis to the next steps to be taken to combat recession and currency instability — with the U.K. stressing the need to promote growth and West Germany giving priority to stabilising exchange rates.

But, both now seem to accept that one does not necessarily rule out the other. The two approaches could go hand in hand, Herr Helmut Schmidt, Chancellor, said.

While moves to reflate the West German economy were out of the question in April or May, they were not excluded later in the year.

Nevertheless the first step had to be an end to turbulence in the exchange markets. Measures to boost growth could be a second or third step, he said in the BBC Television's Panorama programme.

Mr. James Callaghan, while prepared to accept studies of new forms of international currency collaboration, is still not to be deflected from his aim of launching a new package of measures to stimulate growth at the forthcoming seven-nation world economic summit in Bonn in mid-July.

But the two men's public positions have modified since the EEC's Copenhagen summit two weeks ago. Herr Schmidt now is going out of his way to insist that he is not trying to exclude the dollar from any new currency arrangement, or to organise a European currency zone hostile to the U.S. currency.

Mr. Callaghan and Herr Schmidt: two approaches.

On the contrary, Herr Schmidt said last night, the stabilisation of the dollar was first priority. One aim of any new EEC monetary arrangement would be to stop speculators moving out of dollars into individual European currencies. They would be confronted by a single European bloc.

Herr Schmidt did not spell out the exact nature of the arrangements he favoured, and Mr. Callaghan stressed that studies were still at an early stage. The jointly floating European "snake" had not been discussed during the London talks which began on Sunday evening, Herr Schmidt said.

However he speculated that the snake might one day be supplanted by some other animal.

Among the EEC currencies, only those of West Germany, the Beneluxe countries and Denmark are snake participants.

Herr Schmidt said that it might also be necessary to create European institutions to manage exchange rates. Another possibility would be to strengthen existing institutions, such as the European Monetary Co-operation Fund and the European Investment Bank.

Mr. Callaghan, for his part, is showing greater public enthusiasm for new moves to reduce currency instability. If it were possible to stabilise exchange rates, it would be an important element, be said. He insisted that

Continued on Back Page

German growth may be only 2½%

BY ADRIAN DICKS

BONN, April 24.

FOREIGN CRITICS of the West German Government's present economic policy received powerful support to-day. The five leading German economic research institutes estimated that the country's gross national product would grow at a rate of only 2.5 per cent. this year and called for fresh personal tax cuts "as soon as possible."

The institutes' proposals would provide a stimulus of about DM7bn. in a full year.

The institutes' joint working party reported that international monetary uncertainties, coupled with the bitterness of this year's West German wage round, were the main cause of a lack of business confidence. This, in turn, had depressed orders and investment plans.

The report was immediately criticised in strong terms by Count Otto Lambsdorff, Economics Minister, who reiterated the Government's promise that Bonn would review its options only when full data on the first quarter was available.

He drew attention to bad weather and industrial stoppages as factors that could be expected to darken the picture, but said that until the data was complete, discussion of suggestions such as those made by the five institutes would be "pointless."

The institutes' report in no way played down the benefits of last year's stimulatory measures. Nor did it blame the Government for the weakened prospects for 1978 GNP growth, which was estimated at 3.5 per cent. in the Economics Ministry's ambtious official forecast in mid-January.

It called for a softening of the official aim of containing public sector deficits, however, and said that increased public spending could play a further role in strengthening the economy.

Tax cuts were recommended as the most easily enacted and most rapidly effective instrument at the authorities' disposal.

"For a lasting improvement in expectations, the adjustment of income-tax rates seems to have enormous importance. It should be carried out as soon as possible."

The institutes called for a permanent mechanism to adjust tax rates for inflation.

Details, Page 3

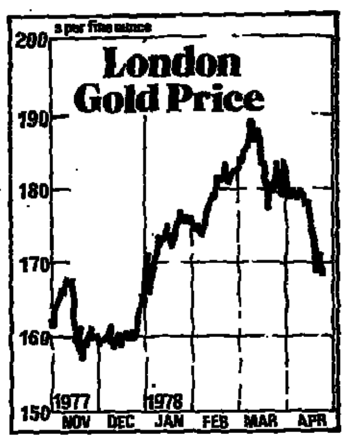
£ in New York

—	April 21	Previous
Spot	\$1.8245-8255	\$1.8280-8300
1 month	0.58-0.50 dis.	0.70-0.60 dis
3 months	1.12-1.06 dis.	1.30-1.15 dis
12 months	3.00-2.90 dis.	3.15-2.85 dis

India's gold sales plan hits price

BY MICHAEL BLANDEN

THE gold price fell again yesterday as a result of the announcement of India's plans to sell a substantial amount of gold from its official stocks for the first time.



London market sources reported that the Indian Government was expected to sell off a total of 70 tonnes of gold, or 2.24m. ounces, in seven fortnightly auctions of 10 tonnes a time, although India did not disclose the amounts involved.

This is more than the 1.8m. ounces which the U.S. intends to sell over the next six months, and the news hit the market when it was already suffering from the impact of last week's announcement of the U.S. plans.

As a result, the price ended in London with a fall of \$2½ at \$168⅝ an ounce. But dealers argued that in spite of the initial setback the sales should not have a major continuing impact on the price in the international market.

The Indian decision, announced by Mr. M. Ramakrishnayya, the deputy governor of the central bank, is aimed to curb the smuggling of gold into the country.

This is encouraged by the prohibition of imports of gold which has resulted in a domestic price level which is among the highest in the world and well above the international gold price.

The sales are to be confined to internal buyers, and the reports from India indicated that only licensed gold dealers would be allowed to bid in the auctions, which begin on May 3.

Any impact on the international price will, therefore, depend on the indirect effect of the sales in reducing demand for smuggling into India.

The news brought a sharp fall in the domestic price from around Rs.720 for 10 grammes to Rs.670. Even so, this was equivalent to a price of around \$220 an ounce, a premium of some 30 per cent. over the international price.

The Indian move will involve the sale of a significant proportion of the country's total reserves of about 7m. ozs of gold. It was prompted by a recent increase in smuggling, which had been reduced in recent years as a result of official measures.

If the London reports are accurate, the total being sold would more than cover the 60 tonnes which Samuel Montagu estimated as last year's total offtake by the Indian subcontinent.

After opening lower in yesterday's dealings in London, the gold price eased further following the early firmness of the dollar. The price has now fallen by \$14¾ an ounce over the past four weeks.

Benn in power row

BY ROY HODSON

A ROW is looming between Mr. Anthony Wedgwood Benn, Energy Secretary, and the Central Electricity Generating Board over the future of power supplies to the south-west of England.

In the Commons yesterday, Mr. Benn told MPs he would find it impossible to contemplate the ordering of more oil-fired stations. Last night, the electricity industry was reading that remark as an early warning from the Minister that he will not support proposals for a new 1,000-megawatt oil-fired power station on the Cornish bank of the Tamar opposite Plymouth.

Leaders of the industry are due to meet Mr. Benn later this week to put before him a formal request for the station to go ahead. They will stress that the industry believes the proposed Tamar station—a site at Insworth Point is available—should be regaroded as a special case. Because of transport difficulties a coal-fired power station of that size would be expensive to operate on the south-west peninsula.

Mr. Benn was emphasising in the Second Reading debate on the Nuclear Safeguards and Electricity (Finance) Bill, the need to maximise the nation's investment in the coal industry when he made his short reference to oil-fired power stations. But the Government has not made secret its dislike of additions being made to the oil-fired power station building programme.

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Parliament, Page 12

Compromise plan on EEC farm prices hits trouble

BY MARGARET VAN HATTEM

LUXEMBOURG, April 24.

INITIAL opposition to the latest set of compromise proposals presented to EEC Agriculture Ministers negotiating the annual farm price review has been strong.

The possibility of a settlement this week is receding as protracted battles look likely over wine, pigmeat and possibly the British Milk Marketing Boards.

The proposals, presented by Denmark as president of the Council of Ministers, would allow Britain to retain its controversial Milk Marketing Boards system for at least four more years.

But the commission would set minimum selling prices for U.K. dairy products, and the Council of Ministers would review the situation before the end of 1982.

This is unacceptable to Britain, which is determined to have the issue settled once and for all in the present negotiations.

Britain also rejects any suggestion that the Commission should fix selling prices. This proposal aims to reassure the Dutch and Germans in particular, who fear that the milk boards may use profits on highly priced liquid milk to subsidise products such as cheese, butter and yoghurt, thus undercutting their own exports on U.K. markets.

But Mr. John Silkin, the U.K. Minister, insists that Britain can demonstrate clearly that no such cross-subsidisation is taking place, without the intervention of the Commission.

The presidency has attempted to bypass a battle between France and Italy over the setting of a minimum price for wine by suggesting that a decision be postponed until September.

This is the issue most likely to hinder settlement of a package of aids for Mediterranean producers which Italy is determined to have included in the farm price talks. Acceptance would remove what is probably the biggest obstacle to an overall settlement.

Italy, which is not keen to discuss any price methanism chat might threaten its exports of cheap wine into France, is believed to welcome the idea. But France is determined to block settlement of the Mediterranean package, which provides substantial funds for Italy, until the wine price is fixed.

Earlier to-day Fisheries Ministers decided to extend for yet another month the present arrangements with Norway, Sweden and the Faroe Islands, having accepted that proposed agreements with these countries cannot be settled before the farm prices review is concluded.

Claridge's rewards 'loyal' staff

BY PHILIP BASSETT, LABOUR STAFF

STAFF who did not take part in the strike at Claridge's, the London hotel, are to be offered shares in the company. The 120 strikers demanding union recognition and the re-instatement of a sacked trainee chef called off the strike yesterday.

The end of the strike is a blow to the unions which had pledged support. Only yesterday many unions received a letter from Mr. Len Murray, general secretary of the TUC, calling for all unions to do all they could to help win the dispute.

Claridge's said yesterday that the floor waiters and other staff who joined the stoppage had asked to return to work and had been accepted. So had most of the young cooks and maids. The remainder of the strikers were expected to follow.

Staff who remained on duty during the stoppage would receive a week's extra holiday on full pay and either shares in the company or a cash bonus.

A review of any legitimate grievances there might be would be conducted by the hotel's management.

The dispute started over the dismissal of Mr. Richard Elvidge, trainee chef, for alleged incompetence. Mr. Elvidge claimed that he was sacked because of his union activities. Claridge's said yesterday that the question of Mr. Elvidge's re-instatement would come up at his industrial tribunal hearing, set for May 2.

The dispute widened into one for union recognition. Officials from the General and Municipal Workers' Union, which represented most of the strikers, met the Advisory Conciliation and Arbitration Service yesterday to try to advance the union's claim for recognition by the hotel under section 11 of the Employment Protection Act.

Mr. Fred Cooper, national industrial officer of the union, said he was disappointed that the strikers had decided to return to work.

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FEATURES

For latest Share Index 'phone 01-246 8026

Hungarian minority in Romania calls for action on grievances

BY PAUL LENDVAI

VIENNA, April 24.

THREE PROMINENT members of the 2m. strong Hungarian community in Romania have issued separate personal appeals to Mr. Nicolae Ceausescu, the Romanian President, to settle their long-standing grievances.

They are Mr. Kanos Fazekas, Deputy Premier and politburo member, Professor Lajos Takacs, a member of the central committee of the Communist Party, and Mr. Andreas Sueto, a leading writer also on the Communist Party central committee.

Prof. Takacs has sent a 27-page memorandum to the President, the text of which and the other appeals were announced to Western journalists by Budapest intellectuals.

Prof. Takacs, former Chancellor of the University of Cluj, listed 18 demands for improved minority rights.

According to official Romanian figures, minorities account for almost 12 per cent. of the 21.5m. population, with Hungarians constituting 7.9 per cent. and ethnic Germans 1.6 per cent.

Prof. Takacs demands that the Hungarian Nationality Council, set up in 1969, should be given greatly increased powers, including the right to select and to delegate the representatives of the minority to local and central bodies and that a new statute for the nationalities should be drawn up.

He complains that, out of 34,738 Hungarian pupils in secondary and vocational schools, 15,591 were given instruction only in the Romanian language.

The memorandum also asked for the setting up of a radio station and television channel for broadcasts in the languages of the nationalities, for easier access to publications both from neighbouring Hungary and from Czechoslovakia and Yugoslavia (where 600,000 and, respectively, 500,000 Hungarians live) and for bilingual signposts and announcements, as well as the use of the minority language, wherever minorities constituted 15 per cent. of the population.

Prof. Takacs praises the post-war decisions taken by the Romanian leadership in the field of minority rights, and says it is the application of the decisions that has to be improved.

He and two other prominent personalities used party channels for their appeals.

Mr. Janos Fazekas, the Deputy Prime Minister, who is the highest-ranking ethnic Hungarian in the Romanian leadership, is said to have sent a private "low-key" letter to the President.

Mr. Sueto, who is also deputy chairman of the Romanian Writers' Association and the most popular Hungarian writer in the country, is reported to have asked for a lifting of restrictions on Hungarian language education.

Mr. Gyula Illyes, at 75, the greatest living Hungarian poet, accused the Romanian Government of "an attempt to degrade a whole community in a social sense and to destroy it." Mr. Illyes and younger intellectuals close to him, appear to have begun a campaign for drawing the attention of the Western media to the alleged violation of the human rights of the Hungarian minority.

The Romanian leadership has repeatedly and vehemently denied such accusations.

Turkey refusal on Aegean

BY METIN MUNIR

ANKARA, April 24.

TURKEY WILL not recignise the jurisdiction of the International Court of Justice over its dispute with Greece on the sovereignty of the Aegean continental shelf, the Foreign Ministry has stated in a letter to the court at The Hague to-day.

Greece applied to the court in August 1976 when the two countries came close to a confrontation over the activities in the Aegean of a Turkish survey vessel, Sismik 1.

In its letter the Turkish Government expressed the hope that the court would rule itself incompetent to pass judgment on the Aegean, adding that "the court is not in a position to make a contribution to the solution of the difficulties between the two countries."

Turkey believed that the Aegean problem would be settled through meaningful negotiations.

● Two visitors from the Eastern bloc arrive in Ankara to-morrow. Soviet chief of staff Nikolai Vasilievich Ogarkov arrives for a five-day stay, during which he will be received by the President and Prime Minister and visit military installations in Ankara and Istanbul. And the Romanian Prime Minister, Mr. Manea Manescu, arrives for a five-day visit.

Finnish economy expected to improve

By Lance Keyworth

HELSINKI, April 24.

TWO FRESH SURVEYS from authoritative sources suggest that the Finnish economy, now in its fourth successive year of depression, has stabilised and may even show a slight improvement in the current year.

The Economic Division of the Ministry of Finance predicts a growth of 0.5 per cent. for gross domestic product this year, against a contraction of 0.75 per cent. in 1977. Unemployment will continue to be the major problem, running at about 8 per cent. of the labour force.

Inflation should be held to 8 per cent., compared with 13 per cent. last year.

The brightest features are the prognoses for the balance of trade and the current account. The former is expected to show a surplus of FMks.400m. and the latter a deficit of only FMks.500m. (£65m. at the current exchange rate).

Another encouraging sign is the improved export prospects for the all-important timber industry, though this must be treated with caution because prices for forest industry products are still too low for really profitable production. However, forest industry exports increased by 20 per cent. in the first months of 1978 compared with January-February 1977.

According to the quarterly business barometer of the Confederation of Finnish Industries, too, the situation seems to be stabilising. Only 5 per cent. of the member companies questioned expect an improvement in the near future, but 65 per cent. foresee no change.

The production forecasts vary considerably for the different branches, but the forest industry expects no change, while the second most important sector, metal and engineering, foresees a decline in production.

The Ministry of Finance claims that the Government's stabilisation measures following the 8 per cent. devaluation of the Finnmark in February improved the international competitiveness of industry by about 12 per cent.

This has been treated with some scepticism in the corporate sector which considers that there is still a lot to be done by the Government.

STRIKES IN IRELAND

Fears of industrial anarchy

BY GILES MERRITT IN DUBLIN

ON-OFF negotiations have been the hallmark of the two protracted strikes that have crippled Ireland's telecommunications for almost three months and Aer Lingus flights for six weeks. Even though both disputes now look to be nearing a settlement, few people in Dublin will be convinced until one is formally reached.

For the past week has seen a number of abortive settlement plans, and there has been a growing conviction in the Republic that peace depends to an extraordinary degree on the whim of trade union officials rather than on the negotiating logic of offer and counter-offer. In plain terms, many Irishmen believe that the country is becoming gripped by industrial anarchy, and their minds are unlikely to be changed even by an Aer Lingus settlement this week or a Post Office engineers' return to work at the beginning of May.

Further, there is a growing body of opinion that holds that Mr. Jack Lynch's Fiana Fail Government is either indifferent or impotent when it comes to labour troubles and fears that a deteriorating labour climate could nip Ireland's expected 1978-80 economic boom in the bud.

Since the telephones and telexes first started to go dead in early February, when an engineers' dispute over new works procedures led to suspensions and in turn to suspected sabotage of circuits, the Irish government has appeared to stand carefully to one side. In the first days of the strike, when Irish industry was dismayed to find itself literally cut off from the outside world, Mr. Lynch resisted demands in the Dail (Lower House) that he should personally intervene to settle the dispute.

Even though the employers in the dispute were a Government ministry, the Department of Posts and Telegraphs, non-intervention by the Prime Minister became policy. When in March the national airline Aer Lingus was hit by a strike of 1,200 clerical workers that position was maintained.

This inertia, which not long ago prompted an Irish Times leader concluding: "This is a most dreadful government" stems from a number of factors. The Lynch government's view is that to treat the present strikes as special cases by intervening, and thus overriding the usual procedures, would sow the seed of more disputes. There is also the argument that the new government is concentrating on an overhaul of labour relations legislation, or at least the introduction of a new disputes code, and is therefore keeping its powder dry for an all-out battle with the unions.

> **"This country's credibility as a location for industry from abroad," comments one company president, "is shot to pieces. . . . Anyone who would move into Ireland now would have to be crazy. . . ."**

The most convincing explanation of the Irish government's inactivity, though, must seem somewhat bizarre to observers outside Ireland: it is that both strikes have been remarkably ineffectual. Thanks to the largely unchallenged use of management personnel by the Post Office and Aer Lingus, skeleton services have been maintained. In the Dublin area, at any rate, telephones and telexes have been maddeningly erratic rather than completely blacked-out, while the use of charter operators has maintained about 70 per cent. of normal Aer Lingus flights.

Because both disputes soon became irritations that people could live with, rather than crises that required immediate action, the Irish government took the soft option of hoping that limited strike pay would starve the strikers into submission.

In retrospect, this has probably been a bad miscalculation. The government has emerged appearing weak at a time when domestic public opinion and foreign industrial investors are looking for toughness. A good example of the resentment now being voiced by the foreign manufacturers and banks that have set up in Ireland is the recent remarks of the chief executive of Thermo King, the U.S.-based makers of transport refrigeration equipment who opened a Galway factory in 1976. The company has already lost an order worth $350,000 because of the telecommunications strike, and ruefully points out that it will not know the full extent of its losses until communications are restored. This is the position of many companies in Ireland.

"This country's credibility as a location for industry from abroad," commented Thermo King's president in Ireland, Mr. Gerry Ladendorf, "is shot to pieces. The IDA (Industrial Development Authority) do a great job, but I'd hate to be working in the IDA now. I know of six companies who had been thinking of moving into Galway. Anyone who would move into Ireland now would have to be crazy. Our own parent corporation, Westinghouse, had been making studies of opening other plants here. I've advised them to suspend those studies."

With promised foreign investments worth an estimated £½bn. in the pipeline, the Irish are naturally worried by reactions such as this. Worse, the telecommunications and Aer Lingus strikes have come hard on the heels of last November's closure of its £20m. Ferenka plant in Limerick by the Dutch multinational Akzo, following union trouble.

At the end of last week, only hours before the surprise breakthrough in the negotiations on the telecommunications strike, Mr. Lynch attempted to ease foreign investors' fears. Opening the £40m. man-made fibres complex that has been built in Co. Mayo by the Japanese textiles giant Asahi, Mr. Lynch spoke of an overall improvement in Irish industrial relations since the introduction of national wage deals in the early 1970s. He pointed out that more than 80 per cent. of foreign companies with Irish operations had enjoyed strike-free conditions and that only 13 of these companies had faced serious problems.

Ironically, the listening Asahi executives had seen construction of their Killala complex interrupted by about two dozen disputes, and Asahi has had to warn that its decision to go ahead and double the Killala plant's capacity and work force will depend on "the will of the Irish people." Other listening foreign executives, whose companies have been tempted to Ireland by IDA tax incentives and a return on investment that, at almost 30 per cent., is three times the international average, may also have reflected that industrial relations in Ireland are nevertheless more of a problem than Mr. Lynch was suggesting.

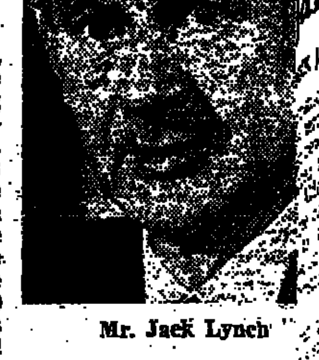
Foreign companies have been suffering the most from labour trouble. Apart from Italy, Ireland has the worst 1972-76 record in the EEC for days lost through disruption—732 days lost annually per 1,000 workers. But for foreign companies in Ireland, the figure was 821 days. When Ferenka closed its doors in Limerick it emerged that Dutch companies in Ireland were losing an average of 1,000 days annually per 1,000 workers as against an average 129 back home in Holland.

And yet, it is not strikes in private manufacturing industry that are causing the most concern. For the Irish public sector's strike record is five times worse. During the 1970s, manufacturing industry strikes have cost an annual average of less than 150,000 man days. Public sector disputes, ranging from persistent trouble [in] telecommunications and [Aer] Lingus through to stoppa[ges in] RTE broadcasting and CIE [bus] and rail transport have c[ost a] yearly average of nearer [...] days. It is a disturbing [...] that has led the Rep[ublic's] federated union of employ[ers to] call for curbs on the [...] services' freedom to strike.

Other proposed reforms included the introduction [of] mandatory cooling-off peri[ods in] industrial disputes and rationalisation of the more [than] 90 trade unions that make [up the] Irish Congress of Trade U[nions]. A cooling-off period was in[cluded] written into the 1978 Na[tional] Wage Agreement, only [to be] flatly rejected by the unions[, and] chances of the number of u[nions] in Ireland being halved, as Ministers have urged, seem [re]mote.

A first step towards restru[ctur]ing the disputes procedures [has] been the recent setting u[p by] Ireland's Minister of Labour, Gene Fitzgerald, of a 15-me[mber] Industrial Relations Commis[sion]. But if the delays and the in[...]ing that have so far surrou[nded] nominations to the new [...] any guide, it is distinctly [un]certain how effective the [com]mission will be.

And in spite of the likeli[hood] of a settlement of the tele[com]munications strike by early [...] the newly-elected presiden[t of] the Post Office Officials' Ass[ocia]tion, Mr. Sean O'Ferrell, so[unded] a sour note for the future a[t the] week-end. He predicted that present disruption in the [Post] Office would continue in Ire[land] for years to come.



Mr. Jack Lynch

Catalan dispute settlement

By Our Own Correspondent

BARCELONA, April 24.

Dr. Ramon Espass, Counsellor for Health in the first administration since the Generalitat was restored last September, presided over a tribunal which ended the three-week-old dispute at the Sant [...] hospital in Barcelona.

Thatcher urges unity against Marxism

SALZBURG, April 24.

MRS MARGARET THATCHER, the British Conservative leader, to-day urged European centre and centre-right parties to unite against Marxism.

"We must recognise that Marxism thrives on the disunity of those who stand for freedom," she told the inaugural meeting of the European Democratic Union here. The setting up of the EDU was a vital step towards an effective working alliance between centre and centre-right parties in Europe.

Mrs. Thatcher said the EDU would provide a forum within which the parties could discus the problems which affected them all and she urged other parties with similar beliefs to join the alliance.

The framework of freedom under the law, she said, must be supported by a political system in which parties freely argued their viewpoint, offering the people a real unfettered choice. The British Conservative Party rejected the Marxist creed that class divisions were the inevitable basis of all political activity. Its economic policies stressed the irreplaceable role of the individual and the contribution of free enterprise in the creation of prosperity," she said.

"At the same time, our social policies show practical concern for the weak and the unfortunate as well as for the strong and successful."

The leaders of Conservative and Christian Democratic parties from 15 European countries have gathered here to launch the EDU. But even before the conference officially began, their new alliance was plunged into controversy by the refusal of several parties to join in.

The Italian Christian Democrats—party of kidnapped former Premier Aldo Moro—rejected the EDU, arguing that some of the parties involved are too Right-wing. The Dutch, Belgian and Luxembourg conservative parties are also absent, as they regard the EDU as unwanted opposition to the Common Market's European People's Party (EPP).

Agencies

Statoil loan guarantee may ris[e]

BY FAY GJESTER

OSLO, April 24

NORWAY'S Government has asked the Storting (Parliament) to approve an increase of more than a third in the amount which Statoil, the State oil company, may borrow under State guarantee this year.

If the Storting approves, the guarantee "ceiling" for Statoil will be lifted from N.Kr.2bn. to N.Kr.2.765m. The extra amount will cover additional capital requirements which have become evident since the original N.Kr.2bn. ceiling was fixed.

Of the extra NKr.765m. the company will be allowed to borrow, more than half (NKr.390m.) will be use to Statoil's purchase of the 40 per cent. share in the Mongstad refinery now owened by Norcol, the state-owned petroleum refining and distribution concern, including Norcol's stocks of products and raw materials at Mongstad.

NKr.95m. is needed to meet anticipated higher outlays in connection with drilling of the North Sea block 34/10 (the so-called "golden block") recently awarded to Statoil in partnership with Norsk Hydro and Saga.

N.Kr.180m. will be needed following Statoil's decision to participate in developing Norway's part of the Murchison Field, and the remai[ning] N.Kr.100m. will go to meet [addi]tional costs incurred at [the] Bamble petro-chemical comp[lex] where Statoil is a partner, o[wing] to delays in the supply of [...] feedstock from Norway's Ek[ofisk] Field.

Meanwhile, the deputy ch[air]man of Norol's board, Mr. [...] Halvard Bratz, has resigned [in] protest at the way the Oil [and] Energy Ministry arran[ged] Statoil's take-over of Norol's [re]finery interest. Leading opp[osi]tion politicians have also c[riti]cised the move, which they c[laim] will make it very difficult to [run] Norol at a profit in the futur[e].

هكذا من الأصل

Red Brigades call for the release of 13 jailed terrorists

BY DOMINICK J. COYLE

ROME, April 24.

A NEW communique from the Red Brigades terrorist faction to-day brought news of the fate of the kidnapped former Prime Minister, Sig. Aldo Moro. But the communique can have given little solace to the country's political forces, and particularly the ruling Christian Democrats (DC).

The communique, number eight in a series since Sig. Moro was kidnapped on March 16, implied that he was still alive, but it announced that he would be "executed" unless the Government agrees to the release of 13 terrorists some of whom are on trial in Turin. However, no deadline has been set for this latest ultimatum.

Equally, the Red Brigade gave *no indication* why they stayed their earlier execution deadline, set for last Saturday afternoon, although they dismissed as "clamorous, so-called humanitarian appeals" the week-end pleas by both Pope Paul and the U.N. Secretary-General, Dr. Kurt Waldheim, to spare Sig. Moro's life. "We believe that their alleged humanitarianism is rather a concrete political and propagandist support for the Christian Democrats," the latest communique said.

The communique names specifically 13 prisoners whom the Red *Brigades want freed*, including Sig. Renato Curcio, said to be the founder of the ultra-Left terrorist group, who with a number of his supporters is facing a series of charges in *Turin, including alleged subversion* against the state.

The minority DC Government of Sig Giulio Andreotti has already indicated that it is not prepared to exchange these Turin prisoners for Sig. Moro. The Communist Party (PCI) in particular, whose parliamentary support is essential to maintain the Andreotti administration in office, is understood to have told the Prime Minister privately that it will not be party to such an exchange.

Additionally, both the judicial authorities in Turin and the *police representative body have* indicated to the Government that they are opposed to any prisoner exchange "in the face of terrorist blackmail," leaving the ruling Christian Democrats torn between humanitarian concern for their party president and their knowledge that a further surrender to terrorism can only add to the erosion of public confidence in the institutions of the state.

There are also unofficial reports that Sig. Francesco Cossiga, the Interior Minister has threatened to resign if the *Government agrees to a prisoner* exchange.

Spy exchange plan denied

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

A CLAIM by New York Congressman Ben *Gilman that the release* from a Mozambique jail of Miron Markus, a 24-year-old Israeli citizen, was the first stage in an elaborate spy-dissident exchange involving East German spies Gunther and Christel Guillaume and Soviet dissident Anatoly Shcharansky and others has been heavily discounted in Moscow, Washington and Bonn.

According to Mr. Gilman, as reported by Newsweek magazine, the release of Mr. Markus, who was arrested in 1976 when his aircraft made a forced landing on a flight from Rhodesia to South Africa, was arranged through an East German lawyer, Herr Wolfgang Vogel, who played a key role in the 1962 exchange of U2 pilot Gary Powers and Soviet spy Rudolph Abel.

According to Newsweek the negotiations, in which both the U.S. and East German authorities were involved, also covered the possibility of an exchange between the Guillaumes and the Soviet dissident Anatoly Shcharansky, *whom the Soviet authorities* have accused of being a CIA agent. This has been denied

Chancellor Helmut Schmidt, of West Germany, strongly denied the possibility of such an exchange a month ago

Apart from the political storm such an exchange would cause in West Germany, the U.S. Government would also be most unlikely to agree to a swap which implicitly put the Mr. Shcharansky on a par with the two self-confessed and proven East German spies. Similar stories, also involving Herr Vogel have circulated before. It is noted in Washington that the Soviet authorities would certainly be glad to get rid of Mr. Shcharansky in this way as any punitive action they take over him is bound to make it virtually impossible for any SALT agreement to obtain U.S. Congressional approval.

France denies neutron test

By Robert Mauthner

PARIS, April 24.

THE FRENCH Government today denied reports that France had tested its own neutron bomb. The reports have produced a spate of hostile reaction in the Western and Soviet Press.

"Reports in certain newspapers about France testing a Neutron B bomb are not to be taken seriously," a spokesman for President Giscard d'Estaing said. "No such test has taken place and none is planned."

Reports that France had exploded a neutron device at Mururoa Atoll in the Pacific, the French nuclear testing ground, were published in the French Press last week and *were widely echoed* internationally.

To-day's denial is not entirely convincing. It has taken the authorities several days to make a clear statement on the subject, after a number of ambiguous pronouncements by officials.

Officials said last week that French scientists were work*ing on plans to develop* a neutron warhead but had still not mastered all the technological problems. M. Raymond Barre, the Prime Minister, told Parliament that France would modernise its nuclear forces and maintain them at an effective level.

Military experts emphasised that the French Army was already equipped with tactical nuclear weapons, such as the Pluton ground-to-ground missile and that the development of the neutron warhead was no more than a logical consequence of France's independent nuclear defence policy.

President Giscard d'Estaing has probably decided to come out with a firm denial, because he feels that an admission that France has exploded a neutron bomb would undermine his efforts to play a leading role in world disarmament talks. The French President is to present new disarmament proposals in person at the UN General Assembly.

Base rates forecast

French commercial bank base rates should fall soon provided day-to-day money remains at *current* levels, M. Rene Monory, the Economy Minister, said yesterday, Reuter reports from Paris. He said that banks have now had time to compensate for the period before the elections

New German fiscal measures urged

BY ADRIAN DICKS

BONN, April 24.

THE SPRING REPORT of the five leading West German economic research institutes, by forecasting real gross national product growth of only 2.5 per cent. this year and by calling for *fresh stimulatory* measures, has once again articulated vague fears that are shared by many others.

Last autumn, the five institutes' joint working party was the first *authoritative group* to suggest that real GNP growth this year might be no higher than 3 per cent. The projection earned a waspish rejoinder from Chancellor Helmut Schmidt, yet was *in substance reiterated* by the Economics Ministry when it issued the Government's own forecast of 3.5 per cent. growth in mid-January.

This time, it is Count Otto Lambsdorff, the Bonn Economics Minister, who has snapped back that the institutes' suggestion of fresh fiscal policy measures is "pointless." The Minister admitted in the course of a lengthy rebuttal of the institues' conclusions that he does not fundamentally disagree with their premise.

"Although hopes of a sustained improvement in the development of the economy were not very great last autumn," the institutes' report states "they are now even more muted. The optimism with which business viewed the economic outlook in the wake of the policy change last autumn, and which gave rise to hopes of an upswing, has in the meantime largely faded away."

The institutes place the main blame for this disappointing phenomenon on doubts about the prospects of the international currency situation, and on the *bitterness of* this year's wage round in West Germany.

"Although it cannot be excluded that a turnround in the exchange rate picture could improve the economic outlook once more, it would even then not be likely that the Federal Republic could achieve growth sufficient to come any closer to the goal of higher employment."

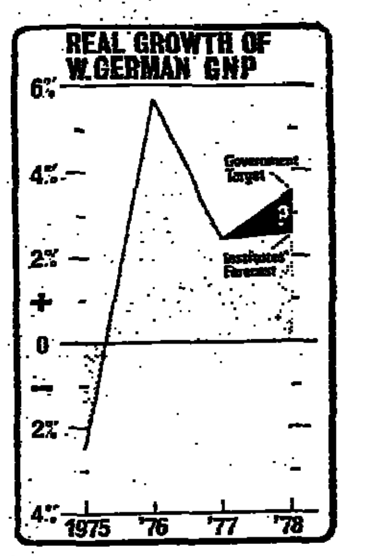
The institutes say that only the greater willingness of women and older men to drop out of the labour market altogether, and of more foreign workers to return home, has prevented a further increase in the West German unemployment rate.

The institutes assume that the D-mark's current level will *remain substantially unchanged* for the rest of this year. They also assume that public spending will be maintained at levels currently envisaged and that the Bundesbank will not significantly *change the present slant* of its monetary policy, although the report does sound a warning note over the recent rate of growth of West Germany's money supply and recommends that the Central Bank *should* begin to rein this in.

On the external side the institutes postulate a 5 per cent. growth in world trade, with further strong demand for West German exports from the OPEC countries, a continued, if more modest demand from the Socialist bloc, and an uphill struggle to sell more to the U.S. market.

The institutes give credit to last year's package of measures for the stimulatory effects already widely perceived in the construction sector and in the short-lived rise in industrial investment at the end of last year. What appears to worry them most about the present situation is the weakness in investment during the first few months of this year. This is despite some indications that a long-term improvement may be in the offing, led by such non-traditional sectors as computers and office equipment, and having less effect on the traditional capital goods sectors such as industrial plant or machine tools.

On the prospects for prices, which have given less cause for concern than almost any other facet of the West German economy in recent years, the institutes are roughly in agreement with other forecasters that this year's increase will be no greater than 3 per cent. but they give a warning against the common assumption that West Germany will continue to enjoy steadily cheaper raw materials as a result of the rise of the D-mark. This year, they say, international commodity prices are likely to be somewhat firmer.



In addition to their call for fresh tax cuts and for a dilution of the goal of reducing public spending, the institutes solemnly call on employers and trade unions to moderate wage increases in 1979 to allow corporate profits margins to improve sufficiently to encourage new investment.

THE ANNIVERSARY OF THE PORTUGUESE REVOLUTION

Disillusionment with promises

BY JIMMY BURNS IN LISBON

FOUR YEARS after a military coup put an end to nearly half a *century of dictatorship*, the Portuguese are asking themselves whether it was worth it. The Government, and some political parties, have attempted to recapture the joy of the "Revolution of Flowers" by organising children's parties and popular picnics in the parks of the towns and cities on its anniversary to-day. But the prevalent mood *remains* one of doubt, if not a certain disillusionment with past promises which have not yet been fulfilled.

Economic development was one of the main targets set by the Armed Forces Movement on April 25, 1974, yet to-day Portugal finds itself forced to negotiate with the International Monetary Fund (IMF), accepting that development must be restricted, at least in the short-term.

Memories fade too easily perhaps: the man in the street has forgotten the food shortages and the petrol rationing and the dismal wages that characterised the last struggling months of the dictatorship. He knows only that austerity now is biting hard, and that being told by the Government to go out and celebrate the revolution hardly seems appropriate.

The formation of a government in January based on an alliance between Socialists and Christian Democrats took Portugal a step nearer towards full democracy in the Western European mould. Before this, the politics of the past four years had been characterised by extraordinary swings between Left and Right—an inevitable result of the *incompatible* aspirations of those who toppled the old regime.

November 25, 1975, was the point at which the push for total *revolution by the extreme Left* was arrested and the gradual redressing of the balance in the direction of a bourgeois democracy capable of taking its place eventually in the European Community began.

This involved a depoliticisation of the armed forces, a handing back of expropriated land, and the introduction of legislation regulating industrial relations.

Current issues of "Nacion y Defensa," the country's military journal, significantly argue that the armed forces should no longer feel an obligation to guarantee the conditions for the country's transition towards Socialism as specified in Article 273 of the present Constitution.

Guided by General Ramalho Eanes, President of the Republic and Commander in Chief of the armed forces, the Portuguese military are withdrawing from government, letting the civilians get on with the job.

The countryside is also gradually returning to "normality." Last summer the then minority Socialist government showed itself prepared to legislate to set right some of the excesses committed during the Communist push for power in 1975, when thousands of acres of land were taken over without any compensation.

The Land Reform Review *Bill*, conceived by the then Minister of Agriculture, Sr. Antonio Barreto, having defined the amount of land that a private farmer could legally retain in the southern and central rain belt, paved the way for the break-up of some of the collectives and the restoration of some of the estates to their original owners.

Also last summer, important bills regulating industrial relations in an attempt to stifle industrial anarchy, and reduce the role of workers in management were passed. Workers would continue to receive information on company matters, but would not necessarily participate in decision-making. Further legislation defined the frontiers between the private and public sectors.

The present Government has put through a key law regulating the management of some 600 small companies occupied between 1974 and 1975. Companies judged to have been taken by force are to be returned to their original owners. Although such measures are judged by the Moscow-oriented Communist Party to be a rejection of the very principle of the Revolution, *most political parties* are agreed that they are necessary if Portugal is to gain the confidence of her European partners.

The present Government has *produced a reasonably clear out*line of the path which it wants Portugal to take: it must now convince those who joined the euphoria of liberation four years ago that this path is the best one to bring the country out of its present economic crisis.

Yugoslav credit

A $100m. credit line for use by Yugoslav industrial and other enterprises for purchases of plant, machinery and other equipment in Japan in the next two years has been signed by nine leading Japanese trading companies and 11 Yugoslav banks, our Belgrade *Correspondent writes*. This is the second such credit line, the first for $200m. was signed in October, 1976 but since only $55m. have been utilised it has been extended for a year until March 31, 1979.

Jacques Rueff dies in Paris, aged 81

By Our Own Correspondent

PARIS, April 24.

M. JACQUES RUEFF, the eminent French economic *thinker* and *writer* and one of the world's most ardent apostles of the role of gold in the international monetary system, died in Paris yesterday at the age of 81.

Curiously enough, the quiet, donnish M. Rueff was not an economist by training, yet his views have had a decisive influence on French economic and monetary policy since the War.

He had an exceptionally brilliant career as a civil servant, including a spell as economic counsellor at the French Embassy in London during the great depression where he is said to have developed his attachment to the gold standard.

After the Second World War, he became president of the European Coal and Steel Community's court of Justice, but he only met General de Gaulle in 1958. The two men immediately *saw eye-to-eye and their relation*ship became very close.

Together with M. Antoine Pinay, the Finance Minister at the time, M. Rueff masterminded the devaluation of the franc and the economic reforms which accompanied France's entry into the Common Market.

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Pakistani regime wins civilian backing

The former opposition to Mr. Bhutto's Government in Pakistan says it is prepared to join a national government in co-operation with the military regime of General Zia-ul Haq. The Pakistan National Alliance secretary general, Professor Ghafoor Ahmed, said in Lahore that his party accepted the principle without any rigid preconditions, Simon Henderson writes from Islamabad.

The actual form of a national government is not certain. It was proposed by senior generals in discussion with political leaders six weeks ago. General Zia has said it would contain representatives of all political parties.

Tough line by Shah

A clash between security forces and hundreds of students holding an opposition meeting in mountains north-west of Tehran last week is seen as evidence of a tougher line by the Shah, Andrew Whitley reports from Tehran. The official version is that 65 students were arrested on charges of distributing leaflets and shouting anti-state slogans. Three students were injured. Those arrested have now been handed over to the Tehran prosecutor's office by the gendarmerie.

Flights resumed

El Al, Israel's airline, is back in the air after being grounded for three weeks because of a labour dispute, Reuter reports from Tel Aviv. Union and management representatives worked out a compromise settlement of the dispute which began when maintenance men and clerks held union meetings during working hours. The El Al management retaliated by suspending flights and, although workers have since reported daily, no planes were allowed to take off.

Congolese oil

ELF-Aquitaine and Agip Spa subsidiary Agip Recherches will begin exploiting the Congolese offshore Likouala oilfield by the end of this year, Reuter reports from Brazzaville. ELF holds 65 per cent and Agip Recherches 35 per cent. of the Congo's third offshore field, where 7m. to 9m. tonnes of the estimated reserves of 40m. tonens are expected to be extracted.

Ethiopian defector

The top civilian in Ethiopia's southern most Sidamo province has defected to a Somali guerilla movement along with 12 other Ethiopian civilian and military officials, the Danab newspaper said on Monday, Reuter reports from Mogadishu. Danab, organ of the eWstern Somalia Liberation Front (WSLF) and the Somali Abo Liberation Front (SALF), said Mr. Wolde Emanuel surrendered to SALF guerillas operating in southern Ethiopia, west of the Ogaden region where the WSLF is active. He was described as Chairman or Governor of Sidamo. He is the first high-ranking official reported to have defected from the Ethiopian side since the Ogaden war was ended by a powerful Soviet and Cuban-backed Ethiopian counter-offensive last month.

Mozambique reshuffle puts emphasis on economic policy

BY QUENTIN PEEL JOHANNESBURG, April 24.

MOZAMBIQUE'S PRESIDENT Samora Machel has announced the first major reshuffle of his Government, aimed at giving greater emphasis to management of the country's economy.

He is creating two new ministries (internal and external trade) and giving a seat in the ruling Council of Ministers to a state secretary responsible for the fishing industry, a major export earner.

Four of the country's 10 provincial governors have been replaced, "to reinforce the defence of public order and repression of criminality."

According to a presidential communique, the reshuffle is in part the result of three years' experience in government, but also a realisation of the need to reinforce "the economic State organs" in order to enable the planned targets for industrial and mining production, trade and internal supplies to be achieved.

The existing Ministry of Industry and Trade is to be subdivided into departments of industry and energy, internal trade, and external trade. The Ministry of Planning and Economic Development, headed by Sen. Marcelino dos Santos, vice-president of the ruling Frelimo movement, will be renamed the National Commission of the Plan, presumably to concentrate entirely on the central planning function.

The new ministers have all held important portfolios previously, although the reshuffle will bring into the Ministerial Council Sen. Sergio Vieira, former chief de cabinet to President Machel, in the powerful post of Governor of the Bank of Mozambique. The former governor, Sen. Alberto Cassimo, becomes Minister of Labour.

Sen. Salomao Munguambe, former Minister of Finance, becomes Minister of External Trade, while Sen. Riu Baltazar, the former Minister of Justice and a lawyer, becomes the new Minister of Finance. Sen. Manuel dos Santos, former Secretary General of the Ministry of Foreign Affairs, becomes Minister of Internal Trade, a job which will entail attempting to sort out the country's enormous supply and communications problem.

The Mozambique economy is in desperate condition, with a trade deficit for 1977 estimated at \$280m., and little prospect of reducing it after disastrous floods in the northern provinces. The Rhodesian guerilla war has aggravated economic problems, both because of the damage caused by Rhodesian incursions, and the cutting of Mozambique's own north-south communications.

Observers in Maputo do not attach any particular significance to the appointment of new provincial governors, although the official reason for the move, relating it to law and order, suggests that unconfirmed South African reports of deteriorating security in Mozambique may have some substance.

Militants may be included in Lebanese Cabinet

BY IHSAN HIJAZI BEIRUT, April 24.

ENCOURAGED by the agreement announced by Lebanon's leading politicians yesterday, President Elias Sarkis is expected to name a Prime Minister within the next 24 hours to head a Government of national union.

There is speculation that both right-wing and left-wing militants who played major roles during the civil war 16 months ago may be included in the Government, which will replace the Cabinet of technocrats that resigned last week. Dr. Selim al' Hoss, the outgoing Prime Minister 's favoured to head the new Cabinet.

A six-point accord between Christian and Moslem leaders on Sunday provided for ending Palestinian Guerilla activity in Lebanon and disarming private Lebanese militias. But agreeing to these principles is one thing and implementing them is another, one observer pointed out.

Syrian troops, forming the backbone of the Arab peace-keeping force, will have to undertake a major role in the implementation of the agreement.

Informed sources said Syrian officials have made it clear to Lebanese and Palestinians alike that Syrian forces are not willing to tolerate any more trouble making. The strong action the Syrians took against Christian militiamen in the Beirut suburb of Ain el Rummaneh earlier this month was cited as an example.

Left-wing newspapers were cool towards the accord to-day, nothing that Moslem and Left-wing militias were not represented in the parliamentary committee which produced the agreement.

But most observers believe the attitude by the Palestinians is what counts. Two of Mr. Arafat's aides were last night given a briefing on the accord by an influential member of the Parliamentary committee.

Vietnam plans large shifts in population

By K. K. Sharma recently in Hanoi

THE VIETNAM Government plans substantial additional investments on its scheme for establishing new economic zones which are really new settlements involving large transfers of people from the north to uninhabited areas in the South and to the highlands and coastal areas of the North.

The scheme, launched many years ago but interrupted by the war, has been gaining momentum during the past two years. Officials say that in 1976 and 1977 as many as 1.3m. people moved from the North to new economic zones in the South. The total Government investment in new economic zones in these two years was 14m. dhong (roughly \$9m.) but considerably more effort has gone into the zones in terms of human labour. The main objective is to disperse the population so that not only does it make defence of the country easier but also adds to arable land through reclamation of mountainous and coastal areas as well as uncultivated land in South Vietnam. Movement is mainly from heavily populated provinces in the North like Thai Binh, about 80 miles from Hanoi. In the past two years 180,000 people have moved to the new economic zones in the north and south from Thai Binh alone. The southern zones are located in the provinces of Kien Ghang, Dac Lac and Song Be, some of which are near the disputed border with Cambodia. It is hoped to reduce the population of Thai Binh by les than half its present size but the plan faces difficulties because the local inhabitants, mainly poor farmers, do not want to move. They are being persuaded to move, however, with the help of incentives and because it will help overall growth of the country. Not only does the plan for new economic zones create new agricultural production opportunities but also permits use of surplus land in the original densely populated provinces for higher food production which is badly needed in view of three successive crop failures. The main crops in the new zones are rice and jute while salt is produced from zones in coastal areas. The new zones are to be converted into state farms and collectives which are provided with all basic facilities like hospitals, schools and the like.

Nigeria college clash

Two of Nigeria's universities have been closed down following violent clashes between students and police in which at least seven people were reported killed, our Lagos correspondent writes.

CHINA AND THE SOVIET UNION

Troubles on the border

BY COLINA MacDOUGALL

SINO-SOVIET relations have worsened appreciably in recent weeks. China's alarm at the Vietnam-Cambodia war and the Soviet involvement there has heightened its own sensitivity to territorial problems which Mr. Leonid Brezhnev's trip to Siberia in early April will have done nothing to allay.

Not a day passes without a tirade from Peking on some aspect of the Russian threat to world peace. While these blasts have been habitual for years Moscow has begun to take the Chinese more seriously. Worrying the Kremlin is the fact that Peking has rejected all its advances since the death Chairman Mao and is galvanising its economy to grow swiftly into a world power.

Officially Mr. Brezhnev's trip was made to view the rising new industries and the railway being built a couple of hundred miles north of the old Trans-Siberian. However, he seized the opportunity of inspecting troops stationed along the frontier and watched military exercises at the far easern city of Kharbarovsk, on the confluence of the Amur and Ussuri rivers, the edge of the disputed Sino-Soviet border area.

While the Chinese are not claiming the return of all the far eastern territories which they say were absorbed by the Czars under "unequal treaties" of the last century, they cannot fail to view Soviet plans for Siberia as a threat, although a long-term one. The prospect of a mighty economic power to the north must be an anxiety, particularly when the border remains unsettled and they view the Soviet Union as the world's biggest menace to peace.

The territories in question are relatively small, only about 400 square miles and mostly river islands. Border negotiations, which had been in progress intermittently since 1969, were interrupted in February 1977. They had resumed in Peking in November 1976, shortly after the new pragmatic leadership of Chairman Hua came to power. In spring this year a frigid exchange was revealed. Moscow in February had proposed a joint declaration, basing relations on peaceful coexistence, respect for sovereignty, non-use of force and non-interference in internal affairs.

Peking replied in March that such a declaration would be a hollow statement. If Moscow's goodwill was genuine it should agree to maintain the status quo on the border, avoid armed clashes, and disengage the forces of the two sides in the disputed areas. These have always been Peking's conditions and it claims that they were agreed originally by Premier Kosygin and Chou En-lai in their hasty meeting at Peking airport in 1969.

Pravda replied on April 1, that Moscow would not withdraw its troops, for that would leave the disputed border open to Chinese invasion along "a front stretching for thousands of gilometres." The Soviet population would be unprotected and the Chinese would be able to "develop" these areas. It agreed that some stretches of border needed redefining, though it was clearly unwilling to acknowledge, as the Chinese wish, that the 19th century treaties which gave the Czars and their heirs vast areas in the far east were illegal. It said it had already conceded that the Chinese had a claim in the disputed areas, but maintained Peking was demanding changes much bigger than justified.

In its note Peking renewed a demand made in 1974 that Moscow should withdraw its troops from Mongolia and reduce manning along the border to the levels of hte early 1960s. There is no doubt that the steady increase

of Soviet forces there has raised tension. Chinese sensitivity is heightened by the face that Peking is only a day's drive from the Mongolian frontier, and because in the north-east the Soviet Union borders on China's key industrial area. It has not been easy for the Chinese to watch the steady build-up of men and missiles across their frontier when their own military are 10 to 20 years behind the Russians in equipment.

Roughly 7m. men on each side face one another across the border. Last year the Chinese said they did not think that Soviet numbers had increased since 1974, but that their equipment was now more formidable. The bulk of the Chinese forces are in north and north-east China, defending the capital and the Manchurian industries. The Chinese have still not tested any ICMBs; their missile resources along the border are thought to be confined to about 40 liquid-fuelled IRBMs in hardened silos in the north east. This is little compared with the rocket-power facing them.

Some Chinese generals would like to reduce the inequality of equipment, a prospect which has alarmed the Russians enough for Pravda to warn that sales of British Harrier fighters to Peking would be regarded as extremely unfriendly. But the Peking leadership still seems divided on the issue, some still holding to the Maoist doctrine that men count more than weapons, and that invaders can be drowned in an ocean of "people's war."

More realistically, the other point of view (as outlined by foreign analysts; for the Chinese have not defined it publicly themselves) is that Inner Mongolia and the north China plain are ideal tank country. Thus a defending army needs more than rifles—preferably modern anti-tank missiles and plenty of transport—to hold off a conventional Soviet strike.

In one respect the Chinese have already begun modernising. Peking launched its eighth satellite at the end of January this year, recovering the capsule with its store of scientific and presumably military information. It was the first launch since the end of 1976, and the Chinese may have learned something from it that hardened their attitude. They started to get the capsules back in 1975, and the Russians evidently consider them enough of a threat to use their own interceptor satellites against the Chinese ones. Peking's launches are not yet frequent enough to provide them with consistent information on Soviet military dispositions, but as they become so the Russians can hardly fail to grow more concerned.

Last year, Moscow did seem ready to make some concession. For the first time since 1974, the talks on river navigation along the Amur and Ussuri rivers were resumed. While the negotiators have never been empowered to discuss actual border questions, the matter of where the border ran was obviously relevant. For years the Chinese have complained that the channel to which the Russians wished to confine their vessels in the sensitive area of Kharbarovsk was too shallow when the river was low.

The Soviets have always argued that under the original treaty of cession the border along the Chinese bank of river and that the Chinese sh stick to the adjacent water But the Chinese held that this vast area of delta swa and islands the border shoul the main navigation char That accounts for the disp over Chenpao/Damansky is which erupted into fighting 1969, though in fact the r sensitive area is close to K barovsk itself. There the n channel flows close to the So city. The Russians are ticularly anxious to keep nearby islands as a bu between Kharbarovsk and Chinese.

However, last year, pres ably as a result of a So concession, the foreign m stries of the two count reached an understanding Chinese ships might use main channel when the ri was low. Moscow seems to h waived a demand made in 1 that in return for that concess the Chinese would have to a nowledge that the adjoin island was Soviet.

But border incidents conti elsewhere. In early April party official in Inner Mong was accused of stealing state a party secrets, one of which v a list of enemy agents in region. In February, a Chin unit on the Heilungkiang stre of border "dealt a blow to sa tage by Soviet revisionis while on the Inner Mongoli stretch "an enemy mo vehicle was seen trying sneak slowly into our territor Saifudin, former party boss the Chinese region of Sinkia which in the past has been a h bed of incidents, was remov from his post in the same mon in mysterious circumstances.

Even the trade relations n seem to be on the wane. Soviet team signed the ann protocol on April 18 in Peki after some unusually spee negotiations which seem unlike to have provided for any expa sion. By 1974-75 trade h recovered from the nadir of 19 to a point that put Mosc among China's top 12 par ners, but it has begun to sli down again. Soviet figures sho a sizeable drop last year fro those of 1976

In January/September la year Soviet exports droppe to almost half the value o January/September 1976 owin to a big fall in aviation an generating equipment, both which Moscow had previous supplied in quantity. Chines exports were down by nearly quarter, so that exchanges ende roughly in balance. Pekin probably means to limit it Soviet trade to basics and t look for all its high-technolog goods in the West. But if ever the trading relationship is goin to disappear, the outlook for im proved Sino-Soviet bilateral con tacts in other spheres is blea indeed.

ADB discusses large debt burdens

BY DAVID HOUSEGO VIENNA, April 24.

THE ECONOMIC propsects of the poorer countries of Asia would be "very grim" and international economic relations severely strained unless there was early action to ease their massive debt burden and provide them with additional resources to finance their balance of payments deficit, Mr. A. G. N. Kazi, Pakistan's Minister of Finance, warned the annual meeting of the Asian Development Bank (ADP) here to-day.

Mr. Kazi, who is chairman of the Bank's Board of governors, declared that the external debt of 17 of the developing member countries of the Bank has increased by 42 per cent. to \$47m. between 1974 and 1976 and appeared to have grown substantially last year as well.

Concessional aid to the region from donor governments or multilateral institutions had declined over the last two years from its peak in 1975.

The result, said Mr. Kazi, was that development had been slowed down and many developing countries forced back on short-term commercial credits that exacerbated their debt servicing problems.

Amongst those attending the three-day meeting are Finance Ministers from Asian countries and senior representatives from the major international banks. The ADB has 43 member countries including most major Western donor nations.

Mr. Kazi's stark portrayal of the problem clearly reflected the view of countries like Pakistan with high levels of outstanding debt and little access to the commercial markets. The faster-growing nations of South East Asia and the Far East are still looking to the banks to re-finance their existing debts and meet their new requirements.

However, a note of warning was also sounded by Mr. Taroichi Yoshida, the Japanese president of the ADB, who said that the success so far of developing countries in adjusting to the changes in the international economy, "cannot be permitted to obscure the magnitude of the tasks that lie ahead."

He declared that increased investment and a more adequate flow of external resources were essential to achieve sustained growth.

Describing the economic performance last year of 15 developing member countries of the region for which data are available as "not unsatisfactory," he noted nonetheless a small decrease in their rate of growth and a widening of their trade deficits.

A matter of growing concern, Mr. Yoshida said, among the export orientated nations of the region, was the instability of commodity prices and the threat of protectionism in the industrialised economies.

He emphasised the need for more concessional finance. As a result of the \$2bn. agreed yesterday for the "soft window" Asian Development Fund, the bank will be in a position to provide more soft-term loans over the next four years.

Demonstrating the growing role of the bank, Mr. Yoshida pointed to a 14 per cent. increase in new loan commitments last year (about 6 per cent. in real terms) to a new peak of \$887m.

Actual disbursements of loans however at \$356m. were well below target and only fractionally above the level of 1975.

A major reason for the slow pace of disbursement—common to many multilateral institutions and donor nations—has been the difficulty developing countries have had in raising the local currency resources to match the foreign exchange for a project provided by the bank.

The bank is now easing its rules on local cost financing—a move welcomed by Mr. Kazi but opposed by some donor nations and towards "programme lending" under which developing countries can borrow foreign exchange to purchase spare parts.

In spite of its present high liquidity the ADB is itself likely to borrow \$400m. this year on the commercial markets of which \$180m. has already been raised. Bank officials are anxious for the ADB to obtain the same high credit rating as the World Bank.

French expert describes Khmer Rouge tyranny

BY RICHARD NATIONS OSLO April 24.

MR. POL POT, the Prime Minister of Cambodia rules with absolute power which was consolidated by the ruthless suppression of widespread, but apparently isolated, revolts within the party early last year.

That is the conclusion of M. Francois Ponchaud, a French author, who is reputed to be one of the best analysts of Cambodia under the Khmer Rouge regime. M. Ponchaud described what he called Cambodia's second revolution during an international hearing on human rights in Cambodia, held in Oslo at the week-end.

Both M. Ponchaud and Anthony Paul, author of *The Murder of a Gentle Man*, gave details to confirm observers' earlier suspicions that the north-western provinces in particular had been torn by an intense power struggle over the past year. Mr. Paul quotes Khmer Rouge defectors to Thailand for his vivid account of sedition initiated by senior officers in the northern province of Oddar Meanchey.

Many observers have connected Pol Pot's disappearance from Phnom Penh between September 27, 1976, and April 1977 as a mission to test loyalties in the outer brigade and to prepare the subsequent purge. Ponchaud and Paul agree that the ruthless elimination of suspected enemies in the party was widespread and bloody and continued sporadically through the first half of 1977.

"There is no question," M. Ponchaud says, "that by the time Pol Pot travelled to Peking in September, 1977, he had eliminated all effective opposition."

Most of the evidence at Oslo confirmed the impression of gross and systematic violations of human rights in Cambodia. But whether the regime has attempted to liquidate physically its "class enemy" remains in question.

Of the 10 Cambodian witnesses —refugees from Cambodia over the past couple of years—only three had directly witnessed more than isolated executions.

Gulf pollution treaties

Eight Gulf States have approved two anti-pollution treaties and an action plan for protecting the environment, a spokesman for the United Nations Environment Programme (UNEP) said on Monday, Reuter reports from Kuwait. Speaking towards the end of a 10-day conference sponsored by UNEP and attended by Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, the spokesman said the two treaties also provided for setting up of a regional organisation for the protection of the marine environment.

AMERICAN NEWS

White House hope pinned on gas price compromise

BY DAVID BELL

WASHINGTON, April 24.

THE CARTER Administration is now keeping its fingers crossed that the tentative agreement on natural gas pricing reached over the weekend will be upheld by the joint House and Senate Committee which is considering energy legislation.

The full Committee is due to meet later this week and there are some signs that the compromise — which is midway between what the Administration and the Senate wanted could be defeated. If it is passed, however, the way will be open to consider the final part of the Energy Bill which would impose a tax on most domestically produced crude oil.

For the moment, however, the Administration is pre-occupied with natural gas. Under the compromise now agreed gas will be deregulated after January 1, 1985. Until then, the price will be allowed to rise initially from its present level of $1.49 per 1,000 cubic feet to $1.93. Between now and 1981 it would rise by the rate of inflation as measured by the GNP Deflator plus 3.7 per cent. From January, 1981 until the end of control in 1985 it would climb by the rate of inflation plus 4.2 per cent. a year.

The ending of controls in 1985 would not be irrevocable and in the subsequent two years, Congress would retain the right to re-impose them if the market shows signs of getting out of control. But by the end of 1988 controls would finally be dropped.

Over the next seven years, according to the Committee staff, the compromise means that consumers will pay up to $31bn. more than they would have paid under the original Carter Bill which was passed more or less intact by the House. The Senate version of the Bill, which would have dropped controls much more rapidly, would have cost a further $30bn.

Yet the extra $31bn. agreed by the small group of Congressmen and Senators who have been negotiating in secret for weeks may be too much for many of those on the full Committee who still favour regulation and lower prices (Mr. Carter, who used to number himself among them, is now said to be prepared to accept almost anything so as to get some kind of measure out of Congress).

It is, therefore, possible that a coalition of liberal Democrats and conservative Republicans on the full Committee could combine to defeat the compromise. And Senator James Abourezk, who favours continuing regulation, plans a filibuster to try to defeat any suggestion that regulations should be taken off.

On the other hand the White House can be expected to lobby hard for the measure and both Senators and Congressmen are well aware that their constituents are impatient at the lack of progress that has been made on the energy issue after more than a year of negotiations.

Meanwhile, attention is already shifting to the question of the tax on well-head production of crude oil. Sen. Henry Jackson, the chairman of the Senate Energy Committee, said yesterday on television that the tax was effectively dead and called on the President to impose a $5 a barrel levy on imported oil. But Congressman Al Ullman, the powerful chairman of the House Ways and Means Committee, said that once the oil industry realised that the President means business on an oil levy, if no tax is agreed it will moderate its opposition to the well-head tax even if not necessarily in the currently proposed form.

Venezuela to reduce central budget

By Joseph Mann

CARACAS, April 24.

THE VENEZUELAN Minister of Finance, Sr. Luis Silva Luongo, has announced that the central government budget for 1979 will reach about 40bn. bolivars ($9.3bn.). This constitutes a reduction from the 1978 central government budget, which started out at $10.34bn. and has already grown by more than $1.9bn. through foreign borrowing. In 1977, the Venzuelan Congress approved an initial budget of $8.33bn. which grew to $11.8bn. by the end of the year. Part of the increment in the budget for 1978 was due to new appropriations for a variety of projects, while the remainder consisted of more than $1.5bn. in foreign loan credits.

Despite high-level attempts to control official spending since the boom in petroleum export revenues in 1974, government disbursements have remained high and cuts virtually non-existent. Due to a drop in petroleum revenues earlier this year, authorities ordered spending cuts amounting to $470m. in the current budget. It remains to be seen, however, whether these reductions are carried out.

Although an outline of the 1979 spending plan has not been made public. Finance Ministry official are already working to prepare a draft budget for presentation to the legislature in June. It is expected that the administration's areas of priority—public works, education, agriculture, industrial development and social services—will be retained.

Outlays for debt service of domestic and foreign obligations have risen steeply in recent years. Public debt service and refinancing of existing debt cost the Venezuelan government more than $1.9bn. last year and more than $1.8bn. in 1976. In 1975, public debt service cost $418.6m.,

The Socialist salute outside Santiago prison from a man freed under Chile's amnesty.

CHILE

Effort to liberalise the military regime

BY ROBERT LINDLEY, RECENTLY IN SANTIAGO

PRESIDENT Augusto Pinochet of Chile, his face straight and hand raised, told reporters: "I swear that my Government has not received pressures from abroad to adopt the recent measures." He was referring to measures liberalising his regime, and first and foremost to the amnesty of practically all those charged with, or sentenced for, political crimes. Officially they are estimated to number 2,070, and about half of them are believed to have been outside Chile before the amnesty was granted a week ago. They are free to return if the Interior Ministry gives them permission to do so once they have signed an affidavit promising not to engage in political activity.

The previous week, General Pinochet had startled his compatriots by increasing the number of civilian ministers in his Cabinet from seven to 11 and decreasing the number of armed forces ministers from nine to five. But at the time he insisted that, although "the Government has taken a turning in recent days, the military regime has not changed."

Since April 1, Gen. Pinochet has made several other moves pointing towards a liberalisation. They include: the lifting of the nationwide curfew in force since his coup d'etat in September 1973, and the deportation of a U.S. citizen, Mr. Michael V. Townley who was wanted by the Americans for questioning about his possible involvement in the murder in Washington during 1976 of a former Chilean Foreign Minister and ambassador to the U.S., Sr. Orlando Letelier. Other measures included the freeing and deporting of three top supporters of the late President, Dr. Salvador Allende, two of whom originally had been sentenced to death, and the naming of a civilian as Interior Minister — "Super-Minister," as President Pinochet put it.

In the first week of April, immediately after the former Vice-President of the Central Bank, Sr. Carlos Lazo Frias, had been allowed to leave Chile, and his 30-year sentence for treason and sedition having been commuted to 20 years of exile ?—? President Pinochet claimed that "no one can say that in Chile there are persons deprived of their freedom for having committed acts of a political nature." He announced that he was pardoning everyone sentenced for crimes against the security of the state, or commuting their sentences. And on April 15, Sr. Ernesto Galaz Guzman and Sr. Raúl Vergara Meneses, two former air force officers who had been given life sentences for high treason, were allowed to leave the country. Sr. Vergara Meneses was given asylum in Britain and Sr. Galaz Guzman in Belgium.

Whether the Chilean regime has really changed or has just taken a "turning," President Carter with his human rights campaign can claim a large share of the credit for the hasty deportation of Mr. Townley to the U.S., where he is being interrogated in Washington. News agency reports had said that the State Department was threatening to withdraw the U.S. Ambassador, Mr. George Landau, from Santiago if it did not get satisfaction in the Letelier case.

The reason given by the Chilean Ministry of Interior for ordering Mr. Townley to be deported after residing in Chile for 21 years was that he had infringed a decree-law on the entry, residency and departure of foreigners. The Chilean Government, in an endeavour save face, is sticking by th explanation. The deportatio was certainly carried out wi speed. He was whisked out Chile even before the legal 2 hour period for his lawyers appeal against the deportatio order had expired.

Gen. Pinochet's friend fro boyhood days, Gen. Raul Ben vides, has been moved from th post of Interior Minister to tha of Defence Minister with expre orders from the President push ahead as quickly as possib the investigation of how fals passports came to be issued Mr. Townley and a Chilean arm captain. They apparently use them to go to the U.S. the mont before Sr. Letelier's assassin tion.

There appears to be a pressi motive behind Gen. Pinochet sudden desire to improve th image of his regime. The free in arms sales to Chile by Britai the U.S. and several other cou tries, and their refusal to gi Chile technical assistance, h put Chile virtually in quarantin at a time when it has problen with all three of its neighbour The regime is at odds wit Argentina over the Beag Channel, a dispute which cou still erupt into war with Per where there are voices crying f revenge with the approach of th 100th anniversary of the 187 1881 war of the Pacific, in whic Peru lost a province to Chile, an with Bolivia, which lost its acce to the sea in the same war.

Dayan to visit Washington to-morrow to resume talks

BY OUR OWN CORRESPONDENT

WASHINGTON, April 24.

MR. MOSHE DAYAN, the Israeli Foreign Minister, is to arrive here on Wednesday for two days of talks, in advance of another meeting between Mr. Menahem Begin, the Isareli Prime Minister, and President Carter during the first week of May.

The new U.S.-Israeli contacts coincide with a new flurry of diplomatic activity here and some suggestions that Israel may now have reformulated its position on the key question of the interpretation of UN Resolution 242 which calls on it to withdraw from territories which is has occupied.

Administration officials are cautious about these reports and remain somewhat confused about Israeli government attitudes to the resolution. It was Mr. Begin's assertion that the resolution did not refer to the West Bank of the Jordan which irritated Mr. Carter and led to the tense atmosphere in their talks last month.

Since then, according to officials, the signals from Israel have been more than usually difficult to interpret. The U.S. took heart from the April 16 resolution of the Israeli cabinet that Resolution 242 remained the basis for negotiations, but there is some doubt that it represented any real change in the Begin position.

It is taken here as a sign of the divisions within the Israeli administration that Mr. Dayan did not, when he spoke of the need for troop withdrawals, add the key phrase "in all sectors."

In an effort to get past this problem, it is therefore possible that the U.S. will present its own formula to Mr. Dayan and Mr. Begin now that Mr. Alfred Atherton, the roving U.S. ambassador in the Middle East, has clarified the Egyptian position. But officials are unwilling for the moment to speculate on what this formula might be.

Coca-Cola, Pepsico told to end limit on bottling

By David Lascelles

NEW YORK, April 24.

THE TWO U.S. soft drinks giants, Coca Cola and Pepsico, have been ordered by the Federal Trade Commission to dismantle their bottling operations based on territorial limits.

Coca-Cola announced that it would appeal against the ruling "because it is against the interests of the consumer. The decision will not increase competition but have the opposite effect."

At present, soft drinks bottling is carried out under franchise, and both Coca-Cola and Pepsico give each bottler a strictly delineated area to cover. The FTC has decided that this practice reduces competition among bottlers and has kept soft drink prices higher than they need be.

Pepsico was quick to react today. In a statement, it described the decision as "a crushing blow" which would force unnecessary change on an industry which was efficient and vigorous.

Mr. John Sculley, the company president, sent a telegram to all Pepsi bottlers vowing to fight the FTC's "unjust decision" and protect bottlers' exclusive territories.

The FTC's decision is highly controversial since it reverses a court ruling of October 1975 which maintained exclusive bottling territories as reasonable and concluded that the advantages outweighed the restriction to competition.

However the FTC, in a narrow vote, has now concluded that the court decision was an error. If the FTC wins its case, it is likely to pursue other big soft drinks companies

Ottawa newspaper folds

BY VICTOR MACKIE

OTTAWA, April 24.

A NEW morning tabloid that started publishing last September to-day ceased publication, having struggled on for nine days since being put into the hands of the Receiver on April 14.

When it folded, its circulation was only between 10,000 to 15,000 daily, compared with 57,000 copies the day it first published.

It started on a capital of $250,000, and its backers hoped eventually to raise $1m., but failed.

The notice of receivership was signed by the publisher and executive director, Mr. Robert Essery.

Daison Press of Toronto, owned by Messrs. Dan and Paul Iannuzzi, who became the paper's financial backers last November, appointed Mr. Essery receiver and general manager.

The tabloid sold from street boxes, which until its first issue, were banned in Ottawa.

Every other newspaper circulating in Ottawa, including the Ottawa Journal, the Ottawa Citizen, the Toronto Globe and Mail and the Montreal Gazette, then established street boxes.

U.S. COMPANY NEWS

Eastman Kodak well ahead, McDonnell Douglas upsurge, Goodyear predicts recovery— Page 34

Interlocking Boards under fire

By Stewart Fleming

NEW YORK, April 24.

A STUDY of the structure of the boards of 130 leading U.S. corporations by the staff of a Senate sub-committee has concluded that most of them are either directly or indirectly linked through common directorships.

The study sees a special significance in the interlocking directorates of the 16 leading financial institutions. "Through their enormous capacity to lend large sums of money and to purchase and hold huge blocks of securities, they hold significant power to influence if not control the shape and direction of American corporate growth," it says.

The study points out that the concentration of interlocking directorships is particularly strong among the 13 largest U.S. corporations such as American Telephone and Telegraph Exxon, Citicorp and the Prudential Insurance Company of America. All 13 were interlocked directly or indirectly with each other according to the study, with AT & T having the biggest number of interlocks.

The study was prepared by the Senate subcommittee staff headed by the late Senator Lee Metcalf, who was an outspoken critic of the business establishment and was responsible for the preparation of a sharply worded and detailed analysis of the accountancy profession.

It defines a direct interlock of Boards as one where a director of one company is also a director of another and it defines an indirect interlock as the situation in which two companies each have a director on the Board of a third company.

More recently the Federal Trade Commission, one of the two U.S. Government agencies responsible for enforcing antitrust law, has begun to carry out another analysis of the interlocking of directorships as part of a study of anti-competitive devices used by U.S. corporations. Mr. Harold Williams, the chairman of the Securities and Exchange Commission, has expressed concern about the independence of corporate Boards.

Interlocking directorships have long been a target for criticism but the practice is defended on the grounds that a company needs a core of experienced executives on its Board

APPOINTMENTS

EDUCATIONAL

LEGAL NOTICES

BUILDING SOCIETIES ACT 1962

NOTICE UNDER SECTION 20 OF THE SAID ACT

NOTICE IS HEREBY GIVEN that the GRANTHAM BUILDING SOCIETY, No. 2348, whose registered chief office is at 1 Watergate, Grantham, Lincs., NG31 6NS, desires to transfer its engagements to the Nottingham Building Society, No. 4118, and that the first-named Society has applied to the Central Office to confirm the transfer notwithstanding that the written concurrence of the holders of two-thirds of the whole number of shares of the said Society has not been obtained in the manner required by the Building Societies Act 1962.

The application will be heard on the twenty-fifth day of May 1978.

Any person wishing to be heard on such application should apply by letter to the Central Office of the Registry of Friendly Societies, 17 North Audley Street, London W1Y 2AP, at least seven days before the date of the hearing.

BUILDING SOCIETIES ACT 1962

NOTICE UNDER SECTION 20 OF THE SAID ACT

NOTICE IS HEREBY GIVEN that the NOTTINGHAM BUILDING SOCIETY, No. 4118, whose registered chief office is at 5-13 Upper Parliament Street, Nottingham, desires to accept a transfer of the engagements of the Grantham Building Society, No. 2348, and that the first-named Society has applied to the Central Office to confirm the transfer notwithstanding that the written concurrence of the holders of two-thirds of the whole number of shares of the said Society has not been obtained in the manner required by the Building Societies Act 1962.

The application will be heard on the twenty-fifth day of May 1978.

Any person wishing to be heard on such application should apply by letter to the Central Office of the Registry of Friendly Societies, 17 North Audley Street, London, W1Y 2AP, at least seven days before the date of the hearing.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of No. 001213 of 1978 BAYSWATER MOTORS LIMITED No. 001312 of 1978 BILERIC COACHWORKS LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were on the 13th day of April 1978, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41 Mark Lane, London, EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 15th day of May 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. CLOAK,
King's Beam House,
39-41 Mark Lane,
London, EC3R 7HE.
Solicitor for the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of May 1978.

UNIVERSITY OF GEZIRA—SUDAN

Applications are invited for the following post in the FACULTY OF ECONOMICS AND RURAL DEVELOPMENT: PROFESSOR/ASSOCIATE PROFESSOR IN BUSINESS ADMINISTRATION (MANAGEMENT). Applicants must have a higher degree and relevant teaching experience. Previous work in a developing country mixing in an advantage. Duties will include teaching classes in the Preparatory College. Salary scales under review: Professor £S4135 p.a. Associate Professor £S3625 p.a. (exclusive of cost of living allowance) (£S1 = £1.54 sterling). The British Government may supplement salaries in range £2682-£3228 p.a. (sterling) for married appointees and £1410-£1650 p.a. (sterling) for single appointees, reviewed annually and normally free of all tax, and provide children's education allowances and holiday visit passages. Family passages; free housing; annual overseas leave. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent to the Head of the Executive Office, University of Gezira, PO Box 2667, Khartoum, Sudan, by 24 May, 1978. Applicants resident in the U.K. should also send one copy to Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

No. 001133 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DEELVALE LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 13th day of April 1978 presented to the said Court by Hirsch Mortgage International Limited whose registered office is situate at 27-31 Blandford Street, London W1H 3AD, International Mortgage and Finance Brokers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 8th day of May 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of the hearing, in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BARLOW LYDE & GILBERT,
3 Dowgate Hill,
London EC4R 2SJ.
Ref: 91-Y36103 HSAS.
Tel: 01-248 4422.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 5th May, 1978.

No. 001172 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NORSTONE BUILDERS (SOUTHERN) LIMITED and in the Matter of the COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 17th day of April 1978 presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY, of State House, High Holborn, London, W.C.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 15th day of May 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House,
High Holborn,
London, W.C.1.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of May 1978

COMPANY NOTICES

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WORLD TRADE NEWS

India ready to seek new sources of nuclear fuel

NEW DELHI, April 24.

AN AMERICAN delay in implementing a decision by President Carter to ship enriched uranium to India led Prime Minister Morarji Desai to declare himself ready to find other ways of ensuring supply to-day.

Mr. Carter announced in January that he had decided to ship the uranium to India's Tarapore atomic plant, now working at three-fifths of capacity because of fuel shortage.

Four days ago the United States Nuclear Regulatory Commission (NRC) dismayed India by failing in a 2-2 vote to approve a Carter request to ship 7.6 tonnes of uranium. The NRC which regulates U.S. exports of nuclear fuel, expressed concern that Indian safeguards might not be adequate. The matter now goes back to Mr. Carter, then to Congress.

Mr. Desai told Parliament to-day: "I have already asked our Atomic Energy Commission to examine every alternative avenue to keep up the supplies of fuel to Tarrapore plant in case uncertainties of supplies from the United States become a permanent feature."

He could not say the agreement had been broken or blame President Carter. He would take up the matter with the President.

Under the agreement, the U.S. is to provide all requirements of enriched uranium for fuel at Tarapore and India cannot import from elsewhere.

Mr. Desai said that whatever the circumstances in the U.S., "The refusal to supply such requirements would be a breach of the agreement."

He refused to cancel his visit to the United States, scheduled for June. He said present fuel stocks were enough to keep one unit at Tarapore going until 1980 and another beyond that.

Several newspapers to-day urged the Government to end its dependence on the U.S. for enriched uranium. Reuter

Mining equipment orders

BY OUR OWN CORRESPONDENT

NEW DELHI, April 24.

INDIA proposes to buy drilling equipment and intermediate technology from Britain for the transport of coal and labour in coal mines.

This will be in addition to the equipment already bought from the United Kingdom out of the £10m. grant which has been received from the British Government for utilisation in the coal industry.

The utilisation of the grant was discussed here to-day when a British overseas development mission met Indian officials. The ODM team was told that the grant was being utilised by the coal industry for the import of both capital and maintenance goods and expertise from the U.K.

So far £3.6m. has been utilised for import of mining equipment from the U.K.

U.K. exports to USSR up 124%

By David Satter

MOSCOW, April 24.

THE VALUE of British exports to the Soviet Union more than doubled during the first quarter of 1978 compared with the same period last year, promising the U.K. some success in improving its traditionally unfavourable Soviet trade balance.

Figures released to-day by the British embassy show that British exports for the first three months of 1978 totalled £120.8m., a 124 per cent. increase over the value of exports for the first three months of 1977, which was only £54m. This sharp rise was accompanied by a slight decline in British imports from the Soviet Union which totalled £131.8m., 10 per cent. less than in the first quarter of 1977 when imports were worth £200.8m.

British sources attributed the rise in U.K. exports to deliveries under the £100m. Coberrow gas compressor station contract signed in December 1976. They cautioned, however, against reading a trend into the quarterly figures because deliveries on recent major Anglo-Soviet contracts are certain to be irregular, leading to wide fluctuations in the trade results. They did say, however, that the value of British exports to the Soviet Union is expected to be higher this year than last year.

Total Anglo-Soviet trade turnover for the first quarter of 1978 amounted to £252.6m., a 26 per cent. increase over the value of trade during the first three months of 1977, which was £200.8m. The balance in the Soviet Union's favour fell to £11m. for the first quarter of 1978 from £92.9m. in the first quarter of last year.

W. German shipowners seek help

By Adrian Dicks

BONN, April 24.

WEST GERMAN shipowners, squeezed hard by the upward climb of the Deutschemark, intend to lay detailed proposals before the Government for an exchange rate guarantee that would allow them to remain competitive.

Herr Nikolaus Schues, president of the Federation of West German Shipowners, called on the Government to take measures to help the industry. In the short term, many shipowners needed direct liquidity assistance, he said. In the longer term, co-ordinated, international steps were needed to safeguard the future of shipbuilding and shipping in Europe.

In the medium term, however, the Government could do much for the shipping business by protecting it from revaluation of the D-mark, Herr Schues said. He pointed out that while West German shipowners drew 80 per cent. of their revenues in U.S. dollars, with much of the remainder dollar-linked, as much as 80 per cent. of their outgoings was in D-marks.

The extreme upward movement of the D-mark against the dollar now meant, in effect, that West German shipowners were "paying a 10 per cent. export tax," Herr Schues added.

Norway hopes to win £350m. Iran gas deal

BY FAY GJESTER

OSLO, April 24.

NORWAY'S Kvaerner Group could win the biggest single industrial export contract in the country's history, if the United States Energy Department gives the green light to natural gas imports from Iran.

After three years of planning and negotiations, Kvaerner and the National Iranian Gas Company (NIGC) have concluded a framework agreement for the delivery of a floating gas terminal, an administrative centre and gas purifying plant on land, worth a total of around Kr.3.5-Kr.4bn. (£350-£400m.).

At the same time, the NIGC and Columbia LNG Corp., of the U.S. have signed an agreement providing for deliveries of Iranian natural gas over a 22-year period from the early 1980s. This is, however, subject to approval by both the U.S. and Iranian governments.

Details of the deal were announced in Oslo at the weekend by Kvaerner, Carl Røtter and two of the concern's directors. The gas, from Iran's offshore Pars Field, in the Gulf, would be piped some 80 km. to a small coastal town, Kangan, where the administrative base and purifying plant would be sited.

The purified gas would be piped to th floating terminal, 4.5km. from the shore, where it would be liquefied and temporarily stored. From this terminal, with a capacity of 18,000 cubic metres LNG per day, a fleet of six large gas tankers would carry the LNG to Cove Point, on the U.S. east coast.

● Elkem Spigerverket (ES), of Norway, has won a Kr.100m. (£10m.) contract to supply production equipment and know-how for a new Yugoslav smelting plant.

The concern's engineering division will design, supply and supervise the installation and running-in of two large electric smelting furnaces for the production of ferro-nickel; and will also supply ancillary items such as gas purification plant and transport equipment.

● Tandbergs, the Norwegian electronics company recently rescued from insolvency by a State take-over, has won a five-year contract with Siemens of West Germany to supply data equipment that Siemens will market among its products.

The contract is a framework agreement, providing for initial delivery worth about Kr.40m. (£4m.).

Sales drive for smaller Airbus

By Michael Donne,
Aerospace Correspondent

AIRBUS INDUSTRIE is now campaigning in world markets for orders for a new derivative of its A300, the smaller, 200-seater B-10. Lufthansa of West Germany, and Swissair are among airlines that have expressed strong interest while Eastern Air Lines of the U.S., which recently ordered 23 A-300s, has taken an option on 25 B-10s.

The B-10 is designed for short to medium ranges. It is likely to be a competitor for the projected Boeing 767, which is expected to be launched this mid-summer.

The launching decision on the B-10 remains subject to winning "launch customers."

Swissair says it is looking at the possibilities of using such an aircraft, but its studies include the Boeing 767 and McDonnell Douglas DC-X-200.

$3bn. Saudi university

BY JAMES BUCHAN

JEDDAH, April 23.

A $320m. contract for a pre-cast concrete facility for the new Riyadh University has been awarded to a Swiss consortium called Penta. The consortium, led by Preiswerk, includes Hatt-Haller, Locher, Element, Rutner and Conrad Zschokke while Universal Engineering will be responsible for the engineering.

The project calls for a two-plant pre-casting facility each with a capacity of 2,000 tons of concrete elements a day which will make it one of the world's largest.

Signing the contract on behalf of the Minister of Higher Education, Dr. Abdul Aziz Al-Feddah, Rector of the University and project director, said that production for the plants will commence within 18 months using local materials.

The new university will cover a nine-square-kilometre area and will have capacity for 21,000 students with the possibility of expansion in the future. The major construction contracts will be awarded shortly and these are expected to total $3bn. in value.

Designs for the new university which have been prepared by a group of five U.S. architects and consultants led by Hellmuth, Obata and Kassabaum, of St. Louis, call for construction almost entirely on a modular system of pre-cast concrete elements.

● Saudi Arabia is to grant Morocco a Riyal 120m. ($33.9m.) loan for building an Atlantic port to handle phosphate exports.

● The West German company Beton und Monierbau of Dusseldorf has won a $31m. contract to provide infrastructure for sports complexes in Riyadh and Dammam.

China may buy colour TV plant from Japan

TOKYO, April 24.

THREE MAJOR Japanese electrical companies have been asked to submit tenders for building two colour television tube making plants in China, industry sources here report. The three companies are Hitachi, Toshiba and Matsushita Electrical Industry.

China, which wants two plants each capable of making 300,000 gather ray tubes a year, sent a mission earlier this year to Japan to visit the three companies and study production techniques. The cost of the plants is estimated at between Y20bn. (£45m.) and Y30bn. (£68m.).

Reuter

Saudi trucks loan

The Saudi Arabian Industrial Development Fund is to grant a Riyal 12m. loan to the Jamjom-Hino Motors joint venture for a Riyal 18m. project to build a truck assembly plant in Jeddah, Reuter reports from Tokyo. The loan, repayable over 15 years after a five-year grace period, carries an interest rate of 2 per cent. per annum.

Nigerian refuse deal

Powell Duffryn Engineering has secured an order worth over £6m. for special purpose container handling and refuse collection vehicles for use in Lagos, Nigeria. This is the company's largest ever export order.

Iraqui hotels contract

Two Brazilian construction companies—Alfredo Mathias and Esusa Engineria E Construcoes with the state-owned trading company Interbras acting as their agent, have won a $30m. contract to build two hotels in Iraq, Diana Smith reports from Rio de Janeiro. The first will be operated by Sheraton, the second by Novotel of France.

EEC TEXTILES

Worry over Mediterranean imports

BY RHYS DAVID

TWO IMPORTANT areas of concern—a textile imports surveillance scheme for Europe; and uncertainty over agreements with the EEC Mediterranean associates on imports—are likely to dominate this week's discussions between Europe's textile producers in Brussels.

The annual meeting of Comitextil, the organisation of Europe's national textile bodies, including the British Textile Confederation (BTC), will be the first opportunity for producers to assess the impact of several months' operation of the latest round of the GATT Multi-Fibre Arrangement (MFA), which has put stricter controls on textile imports.

The agreement has been broadly welcomed by producers in the member States, including the U.K., but Dr. Brian Smith, president of the BTC, said last week that action was needed to counteract weaknesses and potential loopholes.

One main worry is over arrangements with Greece, Turkey, Spain and Portugal, each of which has a substantial and growing textile industry. The EEC has five-year formal agreements with 25 low-cost suppliers, limiting growth in imports of products causing disruption. There is provision for other products to be included should those reach a significant level of trade

Only one-year informal agreements have been reached, however, with the Mediterranean associates and there is some doubt among textile producers whether those can or will be enforced.

With Greece, the EEC has a restraint agreement with the textile industry itself. Producers there have over recent years, however, invested substantially in new capacity aimed largely at supplying the EEC. Greece, an important cotton producer, supplied the EEC with roughly 78,000 tonnes of textiles imports in 1976—about 6 per cent. of total imports—and including 20,000 tonnes of made-up clothing.

The Greek Government is not a party to the agreement and has said it will not help the EEC to enforce it. The EEC's association agreement with the Greeks lacks any safeguard in the event of disruption by imports, although the EEC has some leverage over Greece in that country's desire for full membership of the community.

With Turkey, the EEC's agreement is with the semi-official Chambers of Commerce, but it is again far from clear that the Turks will act to stay within the limits set down. Because of confusion at the start of the year over whether restrictions were in force, the agreed limit for Turkey's key export product, cotton yarn, is being approached in the U.K.

There is uncertainty over how effective EEC action would be in imposing limits, although the Turkish association agreement, unlike the Greek one, has a safeguard clause.

Similar difficulties might arise this year over Spain and Portugal, both of which were notified by the EEC of limits that would be imposed should their textile exports reach certain levels. Both countries had refused to negotiate formal agreements with the EEC, and Spain may retaliate to attempts at curbs.

There is also concern that the effectiveness of formal MFA agreements with low-cost suppliers last year might be undermined by weaknesses in surveillance. That system is meant to achieve speedy collection of statistics from member countries so that the EEC can act where imports of particular products or from particular countries reach the agreed ceiling.

The U.K. however, as Dr. Smith said last week, is producing import data more rapidly than any other EEC country. He said: "This is not a matter of self-satisfaction but rather of concern, because prompt information from all members of the EEC is essential so that appropriate and effective action can be taken when necessary by the Commission. The speed of that action is dictated by the speed of the slowest state."

The Community has been seeking a system whereby each country should report within four weeks of the end of each month its textile and clothing imports for the month, so restraints can be introduced as soon as agreed limits are reached.

The U.K., Ireland, Belgium, France and Luxembourg can achieve that deadline, but the Netherlands says it will take longer and Italy says it might need 10-12 weeks.

That time-lag before full Community information becomes available is likely to result in some member countries choosing to act nationally as soon as their own statistics show imports reaching sub-limits within the overall total. That is clearly less desirable than Community action, and the Commission is now pressing all member countries for rapid information.

The fear in the British textile industry is that because of the defects in the surveillance system and the uncertainty over Mediterranean imports, some of the hard-won benefits of the MFA might fail to emerge. Even if rigorously enforced, the agreement will still allow substantial growth in imports, at a time when demand in Europe remains sluggish. Laxity in enforcing its provisions might lead to a more rapid increase in import penetration.

There is the prospect, too, this year of a further change in the competitive position facing the European textile industry as a result of the GATT Tokyo Round negotiations.

Europe has very low tariffs on textiles by world standards and a rate of import penetration double that of the United States. Nevertheless there is likely to be pressure for further reductions, possibly as a trade-off for cuts by other countries in other areas. The U.K. industry has urged the EEC to ensure that other big trading nations such as the U.S. match any concessions by the EEC in textile tariffs.

U.K. expo
to USSR
up 124%

DODGE COMMANDO G08

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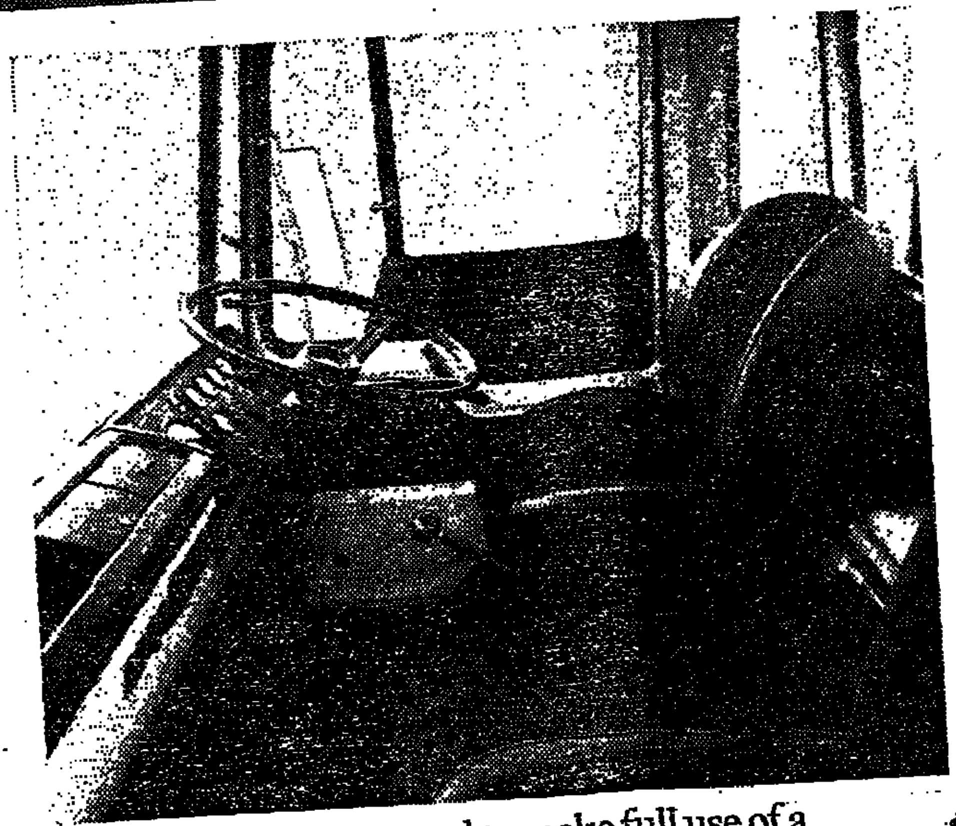
'The Dodge Commandos have been good for Debenhams: apart from the fact that costs have been greatly reduced, the vehicles' smart, modern appearance reflects the company's image. And our drivers like them too. The cabs are well equipped and very comfortable.'



Not all operators need to make full use of a truck's maximum payload. It's space – sheer volume of carrying capacity – that they want from a non-HGV truck. And the Dodge Commando G08 gives them plenty.

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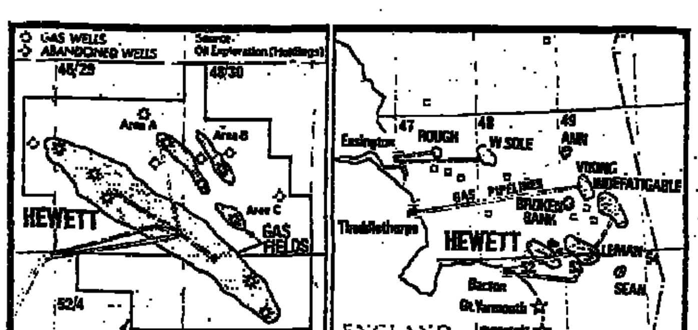
HOME NEWS

Gas production from Hewett 'past peak'

BY RAY DAFTER, ENERGY CORRESPONDENT

PRODUCTION FROM one of Britain's most important gas fields has begun to decline and, as a result, companies involved in the project are planning to bring on stream two nearby reservoirs.



The Hewett Field, in the southern sector of the North Sea, has been one of the main contributors of natural gas to the British Gas Corporation since July 1969. But according to Oil Exploration (Holdings) which holds a minor 4.6 per cent. interest in the venture, output is now past its peak.

The company's annual report says that the amount of gas which British Gas would buy from Oil Exploration in this current year, beginning October was 29m. cubic feet a day, some 13 per cent. down on the last year.

This implies that production of gas from Hewett and the associated Area A reservoir has fallen to 630m. cubic feet a day from around 725m. cubic feet a day.

According to stockbrokers Wood, Mackenzie production from Hewett and Area A was expected to remain at a level of about 800m. cubic feet a day between 1977 and 1981. The brokers estimate that of the field's original 3.4 trillion (million, million) cubic feet reserves some two trillion cubic feet remains to be recovered.

British Gas will not be dismayed by the reduction in Hewett production for with large new supplies expected from the more northerly Frigg and Brent fields it is already planning to cut its consumption of southerly gas.

Under new purchase agreements with operators in the southern gas fields British Gas can trim its offtake by significant amounts. One major operator said yesterday that it was possible that during the summer months of fairly low gas demand British Gas might buy supplies at less than one-third of a field's maximum production rate.

Even so, partners in the Hewett Field—led by Phillips Petroleum—are planning to exploit two reservoirs immediately to the north of the main field. A development well is being drilled on the smaller of these two structures, Area C, by the jack-up rig Zapata Nordic. The rig is scheduled to move to Area B to drill another well within the next couple of months.

Oil Exploration said that if the drilling operation was successful the wells would be linked by sub-sea equipment to the central production platform on Hewett.

Partners in the Hewett Field are: Phillips (operator), 19.0 per cent.; Agip, 8.1; Atlantic Richfield, 19.8; Canadian Superior, 1.5; Century Power and Light, 3.9; Oil Exploration, 4.6; Petrofina, 16.3; R-W Electrizitatswerk, 4.6; Sun Oil, 10.7; Superior Oil, 9.2; Tarmac, 2.3.

Oil Exploration's annual report states that the group plans to seek further licences in the North Sea as a member of both the Phillips and other groups. It believed that there was a significant place in the U.K. for an independent oil company like Oil Exploration.

The report also mentions the "significance" of recent drilling on block 16-17 where the Phillips group is evaluating the Thelma and Toni finds. It says the latest completed well confirmed the existence of a separate oil and gas field lying beneath the Thelma-Toni structure.

● British Petroleum has abandoned an exploratio nwell drilled on block 211-12 near the company's Magnus Field. BP was hoping to find more oil in the area in order to enhance the commercial prospects of Magnus which is due to be developed shortly at a cost of £1.25bn.

Scots Tories plan controls on development agency

BY RAY PERMAN, SCOTTISH CORRESPONDENT

RESTRICTIONS on the freedom of the Scottish Development Agency to buy into private companies are contained in a policy document to be debated at the conference of the Scottish Conservative Party next month.

A working group headed by Mr. David Mitchell, vice-president of the Scottish Conservative and Unionist Association, suggests that the agency should be able to invest in a company only if it can secure additional backing from private sources of finance for at least 50 per cent. of its own commitment.

This would force the agency to seek endorsement of its judgment on investment decisions and reflects the disquiet which Conservatives feel about the way the agency is spending its money.

Mr. Mitchell said yesterday they were particularly concerned about the recent failure of three companies in which the agency had taken an interest, and about the effect which investment in ailing companies could have on their competitors.

Favour

The policy document recommends that the agency be required to sell each investment within five years, so that it could not be used as a backdoor to permanently increasing the nationalised sector.

The policy is open to amendment, but is likely to find favour at the conference and with the Shadow Cabinet, since it fills a gap in official Conservative thinking.

The agency was mentioned only as an after-thought in the Shadow Cabinet policy statement The Right Approach. The bald assertion in that document that the agency's powers to invest in successful companies should be abolished, were not generally well received by industry. The Scottish branch of the Confederation of British Industry in particular voiced strong criticism.

This time the party has sought the views of the CBI and other organisations, and has taken account of what they said.

Although the policy will raise the hostility of trade unions, and will severely inhibit the agency's freedom of action, it is likely to gain greater respect from business than the previous Conservative view.

The policy document supports the agency's work in land reclamation, urban renewal, and factory building. It says a Conservative Government should shift its emphasis towards these activities and away from its industrial investment function—through control of the agency's budget.

The agency regards investment in industry as its primary concern. It has estimated that in the five years to 1980 it will spend £120m. in this way, against £100m. on factory building and £80m. on land renewal.

The Conservatives want the cost of the agency's small business service to be regularly monitored, and the Board of the agency to be re-organised so that it is properly representative of all sections of the community, "while being sympathetic to the policies of the Secretary of State for Scotland."

Presentation of the document to the conference marks a departure in the amount of influence rank-and-file Conservatives in Scotland will have over policy. Previously debates and resolutions have been rigidly managed by the party leadership to conform with already-determined policy.

Mr. Russell Sanderson, this year's president of the Scottish Conservative and Unionist Association, said he intended to make the maximum use of amendments, fringe meetings, and other devices to stimulate discussion and allow Shadow Cabinet spokesmen attending the conference to get an impression of the true views of the party in Scotland.

Editorial comment, Page 18.

Champagne sales in U.K. rise by 38%

Financial Times Reporter

CHAMPAGNE sales in the U.K. rose by 38 per cent. last year to 38m. bottles, making this country the third largest consumer in the world. France still leads, followed by Italy.

World sales rose by 10 per cent. to a record 170m. bottles.

"When things are going well people celebrate. When things are a bit difficult they comfort themselves," said Mr. Joseph Dargent, external affairs spokesman for the Comité Interprofessionel du Vin de Champagne, introducing the figures in Glasgow yesterday.

There was more confidence in Britain's economic future, he said. "We have noticed that young people and young businessmen are more and more inclined to have champagne as a drink before the meal, and very often as a drink during it," he added.

"I think we are reaching a new class of client in the 35 to 45 age group."

Rival U.S. jet strengthens cas of Rolls-Royce

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A PLEA by Rolls-Royce to the U.K. Government for approval to go ahead with a new version of the RB-211 engine, the Dash 535 of 32,000 lb. thrust, is likely to be considerably strengthened by an announcement that Pratt and Whitney of the U.S. is launching a competitive engine of its own, the JT-10D.

Rolls-Royce some time ago submitted a report to the National Enterprise Board (which owns the company on behalf of the Government) seeking development cash over the next few years for the Dash 535.

Rolls-Royce sees this engine as the U.K.'s contribution to the next generation of Boeing airliners in the U.S., and in particular the short-range 757 (in which British Airways is interested) and the long-range 777, a tri-jet which will use the same power-plants as the 757.

Rolls-Royce believes that the 535 engine offers the company its biggest hope of new markets over the next decade or so, supplementing continued sales of existing versions of the RB-211, such as the Dash 22 of 42,000 lb. thrust, and the bigger Dash 524 of 50,000 lb. thrust and above.

The NEB is believed to be on the verge of submitting its own recommendations to the Government, based on the formal Rolls-Royce proposals. They are believed to be broadly in favour of a go-ahead for the 535, which might cost £200m. or mor[illegible] develop over the next few y[illegible]

The fact that competitio[illegible] developing in the U.S. must [illegible] siderably strengthen the [illegible] Royce/NEB case to the Go[illegible] ment.

Pratt and Whitney, of Hartford, Connecticut, said [illegible] terday that it was formally [illegible] mitting itself to developme[illegible] a new engine family, base[illegible] the JT-10D which would pr[illegible] various engines in the 25,0[illegible] 35,000 lb. thrust range.

This would involve init[illegible] developing a Dash 132 en[illegible] of 32,000 lb. thrust, to com[illegible] with the Rolls-Royce Dash [illegible] and the U.S. General Ele[illegible] CF-6 Dash 32, for the Bo[illegible] 757 and 777 airliner program[illegible]

But Pratt and Whitney said that it would dev[illegible] another version of 26,000 thrust. This would be a com[illegible] tor for the proposed J[illegible] European Transport (JET) [illegible] gramme, which is being desi[illegible] round a joint French-Amer[illegible] engine, the Snecma-Gen[illegible] Electric CFM-56 of about 2[illegible] lb. thrust.

This is an area in which R[illegible] Royce does not have an en[illegible] at present. The U.K. compa[illegible] engine range shows a big [illegible] from the Spey of about 12,00[illegible] thrust up to the Dash 5[illegible] 32,000 lb. thrust. As a resu[illegible] this, it is already out of the [illegible] European Transport progra[illegible]

Unit trusts woo the 'cloth cap' investor

FINANCIAL TIMES REPORTER

REGRETS that the unit trust industry had not made its mark with the "cloth cap investor of popular mythology" were expressed by members of the Unit Trust Association in oral evidence to the Wilson Committee on financial institutions.

But in their evidence published yesterday, they also defended their industry's role as a vehicle for small-scale and economical investment in equities; its willingness to put money into companies through rights issues and new issues; and use of the case committees in which it participates to improve the management of companies under scrutiny.

They also deferred the level of turnover within unit trust portfolios, and the use of professional advisers as intermediaries for their sales.

Mr. Edgar Palamountain, chairman of the Unit Trust Association, told the committee that his members wished that they could get at the "cloth cap" market more effectively, "because that is where so much new savings are now concentrated."

Mr. Palamountain said that the unit trust was the ideal way for the small investor, as well as the medium investor, to put money into equities. "Indeed for practical purposes it is the only vehicle which makes it possible for the regular saver to obtain a participation in equity shares. You simply cannot do it in practice through buying small quantities of individual shares; it would be wildly uneconomic."

He said that unit trusts would be quite as likely as the investment trusts to support the primary market. "Indeed we would be more likely in so far as we have, thank goodness, a steady positive cash flow. We have new money to dispose of all the time, so we are enthusiastic about the primary market . . . if it became possible for more smaller companies to come to market, then unit trusts . . . would probably be more enthusiastic than most other institutional investors in subscribing to those issues."

The Association of Investment Trust Companies had explained its industry's reluctance to raise capital by way of rights issues; gave the reasons for the relatively low level of the yield on trust shares; and expressed willingness to consider increasing exposure to venture capital operations should tax incentives or other incentives swing the balance of risk and reward in investment trusts' favour. Lord Remnant, chairman of the Association, pointed out that the discount inhibited his members from raising new capital by way of rights issues, to put into primary market.

Building accident record defended

By Michael Cassell, Building Correspondent

RECENT criticisms of the construction industry's safety record by the Health and Safety Executive came under attack yesterday from the National Federation of Building Trades Employers.

Mr. Peter Morley, president of the federation, said in Liverpool that he wished to register the strongest protest about reports from the executive which painted the industry's accident record in a misleading and sensational light.

One report was accompanied by a forecast from the chief inspector of factories that 2,000 men would be killed and another 400,000 seriously injured in the construction industry over the next decade.

The statement was thoroughly misleading and a complete reversal in the downward trend of the construction sector's accident rate would be required for the forecast to come true.

Higher rate

He was concerned to put the question of the construction industry's safety record into perspective. The industry was the largest employer of male labour in the U.K. and by its nature was a high-risk one as far as accidents were concerned.

It was hardly surprising that the industry accounted for more deaths and injuries at work than any other single industry and the same was true all over the world.

The executive's report was misleading because coal and steel had a higher fatality rate and no less than 35 other manufacturing industries had a higher rate of serious accidents.

County councils plan fight for powers

BY DAVID CHURCHILL

COUNTY COUNCILS in England and Wales are planning to resist attempts by the big non-metropolitan cities to regain powers lost in the 1974 Tory local government reorganisation.

A Cabinet committee is at present considering whether to back such a transfer of powers and a decision is expected before the Summer Parliamentary recess.

A report by the Association of County Councils, to be discussed at to-morrow's executive council meeting, recommends that it should put forward proposals suggesting which local authority services "could most effectively be administered by county councils." These should include any services "at present the responsibility of district councils."

The association is making clear that it now intends to go on the offensive in its traditional battle with the district councils. Previously it had been content with criticising the attempts by the "Big Nine" former county boroughs to win back their powers, especially those for education, social services and transport.

Now the association is trying to take away further powers from the districts.

To forestall the inevitable strong reaction from the districts, the association is offering to hold "peace" talks with the Association of District Councils.

The county council's as part of their new offensive, are to object strongly to the Department of Health and Social Security over its failure to give their views equal prominence with those of the district councils in a recent letter to health service bodies.

Duport cuts 500 jobs in Tipton

By Our Midlands Staff

DUPORT announced 500 redundancies yesterday as part of the re-organisation of its furniture products subsidiary.

The company makes Slumberland and Vono bedding at Tipton in the West Midlands. These operations will be divided, with each having a separate Board and management team.

Slumberland production will be transferred to a plant in Oldham. This will mean the loss of 500 jobs in Tipton. The remaining 200 workers will concentrate on Vono furniture.

Negotiations opened yesterday with the trade unions on the redundancies, which are likely to be phased over the next four months. The announcement marks another setback for the Black Country, which has suffered a series of redundancies in recent weeks.

Duport said last October that the weakness of consumer demand in the past few years had a disproportionate impact on Slumberland and Vono, both of which were incurring heavy losses.

It is hoped the rationalisation will strengthen the subsidiary and enable the company to promote the separate brand identities. Slumberland merged with Duport about eight years ago.

Fire-hit Mint ready for full working

AN underground fire at the Birmingham Mint cost the coin-casting company over £500,000 in damages and lost production. But the 184-year-old company said yesterday that it will get most of the money back under insurance policies.

The fire was in the Mint's casting department last May. The company had to dismantle each of its three modern continuous casting units in turn, dig the fire out underneath to a depth of nearly 30 feet, and then reconstruct the plant.

"It took us until the New Year to dig the fire out. It was not a fire you could see, since there was no smoke or flame. The earth turned gradually to dust," said Mr. Colin Perry, managing director of Birmingham Mint.

Heat from the casting plant might have ignited ash deposited in the foundations when they were built 100 years ago. Repairs to the plant had been completed, and the company was ready to resume full production and meet demand.

Prompt payment by insurers had helped to keep the company's borrowings well within bankers' limits. So far £300,000 had been recieved on account.

About half the group's sales, which last year reached £8.8m., come from making coins for countries throughout the world.

Government attacke over metric delay

BY DAVID CHURCHILL

CRITICISM of the Government's delay in implementing its metrication programme came yesterday from a consumers' standards group.

The British Standards Institution's consumer standards advisory committee said it was "deeply concerned about the protracted delays in the metrication programme and the failure to bring it to an orderly conclusion."

The criticisms followed last week's call by the Government for supporters of metrication to stand up and be counted. An open letter was sent to Mr. John Fraser, Minister of State for Prices and Consumer Protection, to more than 100 organisations asking them to make their pol[illegible] clear on metrication. This [illegible] lowed recent concerted atta[illegible] on the programme. A num[illegible] of organisations have alre[illegible] pledged their continued supp[illegible]

The consumer standards a[illegible] sory committee in its reply [illegible] Mr. Fraser re-affirmed its c[illegible] plete support for metrication. [illegible] said that national and int[illegible] national standards work [illegible] already carried out exclusiv[illegible] in metric terms.

The committee emphasises t[illegible] "difficulties, costs and dislocati[illegible] which result when manufactur[illegible] are already geared to metric p[illegible] duction but the retail sector [illegible] unable to accept metric p[illegible] ducts."

Rare Bible bought i

THERE WAS disappointment at Sotheby's sale of printed books yesterday when a rare 15th-century block book Bible, belonging to the Duke of Northumberland failed to find a buyer. It was bought in at £38,000, less than half its pre-sale estimated price. Last week the Duke sold a diamond and emerald brooch at Sotheby's for £250,000.

Most of the other lots found buyers in an auction which totalled £161,847. Burgess paid £9,000 for a first folio 1623 of Shakespeare's works, and a translation of Hogden, printed in 1482 by William Caxton was sold for £5,000. The same sum secured a Liturgy in Greek and Arabic, printed at Snagov in Romania in 1701. Traylen paid £4,800 for a group of early printed Law Treatises.

Sotheby's completed yesterday the sale of the miniatures collected by the late Greta S. Heckett of Pittsburgh. Yesterday's auction brought in £47,928 for a grand total of £390,143. Korte gave £4,400 for a miniature by Franciszek Smiadecki. A miniature by John Hoskins was sold for £3,000 and one by Thomas Flatman for £2,600.

Sotheby Parke Bernet in New York held the best sale of Am[illegible] can art in New York wh[illegible] totalled £1,441,542. There w[illegible] many auction records, includ[illegible] £140,957 paid for an Americ[illegible] portrait. It secured a 1904 p[illegible]

SALEROOM

BY ANTONY THORNCROFT

trait of the Archbishop Willi[illegible] Elder by Thomas Eakins. It [illegible] also a record for the artist.

Crossing the Divide, by He[illegible] Strawberries and Cream [illegible] Raphaelle Peale went [illegible] £90,425, a record for an Americ[illegible] still life.

There was also a record for [illegible] American gouache in the £63,[illegible] paid for The Last Stand of [illegible] Patriarch, also by Henry Far[illegible]

The first two sessions of Christie's auction of antiquit[illegible] yesterday brought in £154,287. Roman glass spouted funer[illegible] vessel of the second century [illegible] was sold to Mansour for £18.[illegible] and another, found with it, we[illegible] to the same buyer for £9,800. Sassanian glass bowl of ab[illegible] 400 AD realised £15,000.

Zip makers complain about Japanese

FINANCIAL TIMES REPORTER

BRITISH zip manufacturers will complain to the Department of Industry to-day about the Japanese presence in the U.K. industry.

YKK Fasteners, the British subsidiary of the Tokyo-based world leader in zips, will be the main target at the annual talks.

YKK's profits and turnover have risen so rapidly in the eight years since it started operating in the U.K. that it now accounts for about 40 per cent. of the local market.

YKK sales are now thought to be around £15m., of which some £7m. are imported and £3m. exported. Its two principal competitors, Textron and Lightning, have had disappointing results.

Textron, one of the top two U.S. manufacturers acquired the British company Aero Zipp about eight years ago, while Lightning is half-owned by Imperial Metal Industries, the British engineering company and half by the West German company, OPTI.

The zip industry is convinced that YKK has built up its market share through unfair trading tactics.

It is even more incensed by what it describes as a passive reaction by the Department of Industry to its repeated complaints.

The industry also complains that YKK in Japan derives cheap finance from its workers by forcing them to deposit 10 per cent. of wages and half their bonuses with YKK to help investment.

Under the scheme, which YKK calls the "cycle of goodness," employees make these deposits on which the company then pays interest. It is gradually being introduced throughout YKK's overseas operations.

The Zip Fastener Manufacturers' Association claims that four jobs may have been lost for every one created by YKK.

Whitehall, however, is confident that the Japanese are starting to respond to low-key pressure to come into line. It has called on the Japanese to cut zip imports—and they have been halved, according to Mr. Susumu Takahashi, managing director of YKK in Runcorn.

YKK has also announced a £5m. investment programme in new plant by 1980, which will cut imports still further.

Starch price rise approved

Financial Times Reporter

THE PRICE Commission yesterday allowed CPC (U.K.) to increase prices by an average 7.34 per cent. for a range of starch and glucose-derived products pending further investigation of the increases.

Under the safeguard regulations of the Government's price controls, companies can apply for price increases if they can prove their profits will be affected during the time of the commission's investigation. The investigation of the company's price rises is due to be completed by July 16.

Products affected by the price rises include maize starch, glucose syrups, starch-derived products such as starch blends and roll-dried starches, and glucose-derived products such as brewing sugars, caramel, and dextrose.

New scheme to link scientific research

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW mechanism for collaborative research between industry and universities on scientific projects with commercial prospects is being planned by the Science Research Council.

Inventions or processes developed in universities under this scheme will no longer automatically become the property of the National Research Development Corporation, the Government funding and licensing agency for innovation.

The scheme, which the council hopes to launch this summer, has been devised in response to academic criticism of the corporation for allegedly taking the rewards of university innovation, and industrial criticism of the council for allegedly showing too little concern for commercial research.

The council, an agency of the Department of Science, will spend a total of £139m. in the current year on research in its own and in university research laboratories, primarily in support of academic science.

A working party under Professor William Farvis, head of the department of electrical engineering at Edinburgh University, has recommended the new collaborative scheme, which the council hopes to approve next month.

The idea is that in assessing proposals for funding under this scheme, the council grants committee should give commercial potential equal weight with the normal scientific requirement—that is, whether it could advance knowledge.

From the standpoint of the university scientist applying for funds, the new scheme will differ in two important ways from the council's existing research grants. One is that the collaborating company, not the corporation, will own the commercial rights to any invention, and will simply pay a small levy to the corproation on its use.

The other difference is that the collaborating company shall contribute at least 50 per cent. of any additional expenditure above the research grant itself required to set up the project.

Mr. St. John Walker, secretary of the council said yesterday that the scheme was seen as filling a gap in its present arrangements for encouraging collaboration between industry and universities. He expected it to be launched as a pilot scheme with his council making up to £500,000 available—equivalent to a total commitment of £1m.-£1.5m. to joint projects.

Cortisone may be used again for arthritis

A TECHNIQUE which could restore cortisone to favour as a way of treating rheumatoid arthritis has been disclosed by the Arthritis and Rheumatism Council.

The idea is to deliver the drug precisely where it is needed, in much smaller quantities than were once used, but which were found to produce widespread side-effects in patients.

The cortisone compound—hydrocortisone—is combined with droplets of a natural fat which can be injected into the diseased joint where they are absorbed rapidly by the inflamed tissues.

In absorption the compound is broken down by enzymes, releasing the anti-inflammatory drug within diseased tissues.

The new drug delivery system is being studied by Dr. J. T. Dingle at Strangeways research laboratory, Cambridge, working with ICI Pharmaceuticals.

In his annual report, published yesterday, Dr. Colin Barnes, chairman of the council's executive and finance committee, said it was committed to spending £1.8m.—mostly on research into the rheumatic diseases—during the current year.

Last year it had spent more than £1.25m., an increase of nearly £200,000. Late last year it had awarded a grant to Leeds University for work on a total replacement joint for the elbow and to investigate the possibility of replacing ligaments.

Aston Martin 'goofs' on supercar delivery

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A KEENLY-AWAITED British car launch flopped yesterday. The first production model of the Aston Martin Lagonda supercar could not be delivered.

The £32,620 wedding anniversary gift from Lady Tavistock to her husband was due for a public showing yesterday at their Woburn Abbey home.

But, at the last moment, Mr. Peter Sprague, the American millionaire chairman of the Newport Pagnell company, was forced to tell guests at a specially arranged Press conference: "We have goofed."

The car failed to make its appearance because of delivery problems on its sophisticated electronic display and control system.

This device will give the Lagonda the most advanced electronics on any production vehicle, with digital read-out replacing the familiar dials, and various push button controls.

Although the company insists that the system has been fully tested and works perfectly well, it was not delivered at the weekend when it was due to be assembled into the new car.

Aston Martin is now trying to ensure a better supply by bringing all manufacturing of the electronic parts under its own roof.

At the moment, the system is made at the Cranfield Institute of Technology under a collaborative agreement with Aston Martin Electronics, a subsidiary of the main group.

Over a two-year period, this change will add 200 new jobs to the present work force of 400 at the plant.

Yesterday's difficulties may not have done the Lagonda's image any good, but with the 2½-year waiting list for the car, the company has no real worries about being able to sell it.

Mr. Sprague's policy, anyway, is to keep the company's cars in limited supply. At the moment, it is producing six V8 and Vantage models a week, and when the Lagonda comes on stream with a target of two a week, next year, its production will be at the expense of the rest of the range.

Lady Tavistock, the former Miss Henrietta Tiarks, has recenly become a consultant to the company — she advises on colour and trim.

She chose a Lagonda with red exterior and beige interior— and said she intended to pay with a credit card.

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Supermarket price war 'will continue'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THERE IS no immediate likelihood of any moderation of the price war among supermarkets. but the long-term prospects for food manufacturers are better than they have been for some time.

These are the main findings of a survey of leading grocery manufacturers and retailers carried out by the Institute of Grocery Distribution for its annual conference in Brighton yesterday.

The retailers interviewed said there had been a fundamental shift in the grocery trade in the past year. since competition was intensified by the Tesco chain dropping trading stamps.

The increased level of price cutting was not. they stressed. a question of short-term defensive tactics. None forecast any reduction in competition before the end of the year and one said he could not see things returning to normal for another five years.

Margins

Most. however. said they thought things would eventually settle down and profits would recover—but not to the level of the early 1970s. The institute's figures suggested supermarkets' net margins fell to about 1.8 per cent. last year. having recovered from a low of 1.7 in 1975-76 to 2.1 in 1976-77. In the early 1970s they were running at about 3.5 per cent.

All the respondents forecast a continuing trend towards the opening of larger new stores and the closure of small shops. The rate of store closure was expected to increase sharply in the next year. The feeling was that just as self service stores took over from service shops in the 1960s, now the move was towards super stores taking over from traditional supermarkets.

The prospects for food manufacturers were seen as being rather brighter than those for supermarkets. though some suppliers feared the price war among food shops would hit their profits too. and that the number of brands on sale would be reduced.

Discounts

The survey showed that most of the manufacturers interviewed expected demand for higher added value convenience products would grow as real living standards increased.

One of the most frequently discussed subjects behind the scenes at this conference has been the question of trade discounts and whether they should be more closely related to cost savings.

This is the subject of a Monopolies Commission investigation.

The survey of manufacturers showed that in general there was support for the introduction of discounts. which were more closely related to costs.

The survey did not. however. probe the very delicate question of whether this relationship between discounts and cost savings should be controlled by law as it is in America.

Delegates to the conference have expressed differing opinions on this.

1,200 new jobs in Ulster

By Our Belfast Correspondent

ULSTER'S small companies agency, the Local Enterprise Development Unit. promoted 1,200 new jobs in the province in the year to March 31 at a cost to the State of £3.550 per job.

The agency exceeded its job promotion target by 10 per cent. Because of a number of particularly expensive projects the average cost per job rose sharply from th 1976-77 figure of £2.325.

About a third of the new places came from companies already backed by the agency. Mr. Colin Anderson, the chairman. said the trend should continue and would prove an important source of additional employment.

The agency. which spent £3.3m. in 1977-78. was formed in 1971 to assist firms employing under 50 people.

The rate at which promoted jobs are taken up is 71 per cent. and the level of closures among the companies it supports is 15 per cent.

Meanwhile. a survey of 23 Ulster companies has shown that 81 per cent. have been totally unaffected by the violence. The remainder said they had suffered. but this included the effects of political strikes.

The survey was carried out by the Business Location File. an industrial development magazine. It adds that 93 per cent. of firms questioned would recommend Ulster as a place to locate a factory.

Fewer airline deaths reported

By Michael Donne, Aerospace Correspondent

TRAVEL by scheduled airline flights was safer last year than in 1976, according to figures issued by the International Civil Aviation Organisation, the aviation technical agency of the UN.

ICAO said in a report issued in Montreal that deaths on scheduled airline services numbered 630. on 25 flights. in 1977. against 1,187 killed on scheduled flights in 1976.

But 884 passengers died in 38 accidents to charter flights. up from 300 killed in 28 charter accidents in the previous year.

The figures have to be regarded with some caution. says ICAO. because of the distortion arising from one major charter accident —the collision of two Jumbo jets on the runway at Tenerife last year. which killed 555 people.

Radio mast approved

FINANCIAL TIMES REPORTER

FIFE Regional Council has approved a submission to Mr. Bruce Millan. Secretary for Scotland. that an existing radio transmitter mast will not be a hazard to the proposed Shell/Esso petrol chemical complex at Mossmorran and Braefoot Bay.

The council's decision comes after strong local protest.

The IBA radio transmitter mast is four and a-half miles from the marine terminal Shell/Esso plans to build at Braefoot Bay.

Radio radiation can. under certain circumstances. cause a spark. but Shell/Esso says its site will be at a safe distance from the mast.

The oil group adds that the distance would conform to the current British Standard. although this is being revised.

The Secretary of State said last month that he planned to approve the £180m. Shell/Esso project but he allowed 28 days for further submissions over the potential hazard posed by the radio transmitter.

The deadline for submissions is April 26.

● NEWS ANALYSIS — PROFESSIONAL ENGINEERS

Deciding who will exercise control

BY DAVID CHURCHILL

THE SPLIT among the ranks of Britain's 320,000 professional engineers over how their activities should be controlled is likely to come to a head in London tonight at a special meeting which could have important repercussions not only for the engineering profession but for the whole of British indusrty.

The meeting has been called by the 72,000-member Institution of Electrical Engineers to discuss the prospects for the statutory registration and licensing of engineers.

Such licensing, it is argued, would give a badly needed boost to the status and standards of Britain's engineers and. as a result, substantially improve the ability of industry to get the best use of investment and take advantage of new technology.

The importance of to-night's meeting is shown by the expected attendance of Government Ministers. MPs, trade union leaders. and a sizeable number of members of the Finniston committee of inquiry into the engineering profession. set up last year by Mr. Eric Varley, Industry Secretary.

But the issue at stake—and the one that has caused most controversy between the usually sedate institutions — is who should be in charge of maintaining and raising standards through registration and licensing.

Statutory registration means that engineers would have their standards of qualification and rules of professional conduct set and administered by a central body. This body would maintain a register of qualified engineers who would be able to use a distinctive title reserved to them by law.

Licensing would have the effect of reserving certain functions and jobs to registered engineers. A similar system already operates in Britain for doctors and lawyers.

It is generally becoming accepted in the engineering profession that such registration and licensing would carry a number of advantages, not least in establishing engineers' credibility in the eyes of the public and overseas customers.

As many countries already operate a system of registration and licensing the lack of such a system in the U.K. is regarded with suspicion by foreign companies using U.K. engineers.

But the U.K. engineering profession is split over who should bear responsibility for carrying out registration and licensing in this country.

The Council for Engineering Institutions. the umbrella body which represents 16 engineering institutions of varying sizes, will shortly tell the Finniston inquiry that it believes the council is the appropriate body to carry out registration and licensing.

In its evidence, the council will point out that it is already setting up a comprehensive register of engineers and this would be "an efficient, economical and satisfactory method" of statutory registration.

But the Institution of Electrical Engineers, which is traditionally regarded as being one of the more progressive institutions, has made it clear to the committee that it believes registration should be carried out by a special publicly accountable council, composed mainly of professional engineers but not directly linked to the institutions. It argues that allowing the institutions to regulate themselves would not create public confidence in the profession.

The electrical engineers has so far been unable to persuade other institutions to support its point of view. Under the CEI's structure, all institutions regardless of size each have one vote.

Thus some of the smaller institutions have been able to resist any attempt, including registration by an outside body, to raise general standards which could have the effect of depleting even further their limited membership.

The electrical and chemical engineering institutions, for example, used to demand an honours degree standard for entry but this has been reduced to an ordinary degree so as to stay in line with the other groups.

The electrical engineers, however, are not reluctant to go it alone on such major issues. Two and a half years ago it was as a result of the institution's pressure—including a threat to quit the CEI—that the council was persuaded ot publish its report supporting the unionisation of professional engineers.

This time the institution believes it has a trump card in the fact that the engineering professions in a number of major overseas countries have licensing of engineers controlled by an outside body. One of Finniston's terms of referece is to study arrangements in other countries.

Thus for to-night's meeting the institution has brought to London representatives of the profession from Canada, the [illegible] and South Africa. The electrical engineers want to clearly [illegible] to the rest of the U.K. pr[illegible] sion that registration by an [illegible] side body has proved of cons[illegible] able benefit to engineers [illegible] where.

Two of the main fears of engineers are that, if [illegible] goes outside the existing s[illegible] ture, the profession would e[illegible] tively be taken over by p[illegible] cians and civil servants.

But the electrical engin[illegible] stress that the administe[illegible] councils of existing registe[illegible] bodies are composed largel[illegible] members of the relevant [illegible] fessions. The General Me[illegible] Council for the medical pr[illegible] sion is a typical example.

If tonight's meeting prod[illegible] the expected professional [illegible] works then Sir Monty Finni[illegible] at least will be satisfied. [illegible] recently wrote to Sir J[illegible] Atwell, chairman of the [illegible] criticising the "overly poli[illegible] response of engineers to [illegible] committee.

"The committee want to k[illegible] what the engineers really th[illegible] even if this means that some [illegible] the meetings become a bit r[illegible] bustious and controversial. [illegible] fact if this happens so m[illegible] the better."

'Sustained effort needed' to halt office machinery sector decline

BY JAMES McDONALD

BRITAIN'S OFFICE machinery industry is seriously in danger of falling further behind its main competitors, especially those in the U.S. and Japan, according to a progress report on the industry prepared for the National Economic Development Council.

The report. by the Office Machinery Sector Working Party, warns that a sustained effort by Government, management and unions is needed if the decline is to be stopped or even moderated.

It was already apparent that U.K. office machinery manufacturers with some exceptions, were falling far behind the U.S. and, more recently. Japan in development and volume manufacture of products dependent on electronic technology. the report said.

There would be a major change from electro-mechanical to electronic in the type of office machine commonly in use within the next decade, underlining the importance for the future of the application of new electronic techniques in office systems.

The U.K.. however. was not well-placed to take advantage of that change. If it occurred, Britain would be surpassed by competitors, especially in the U.S. and Japan, where "the technological climate and scale of production are such that they are better able to compete in world markets.

"Unless action is taken quickly to counteract this there is, in the sector working party's view, a serious danger of major dependence on overseas knowhow, a loss of opportunity for expanded production and employment, and a serious deterioration in the balance of trade in office machinery."

U.K. office machinery production in 1976 had been valued at over £230m.—excluding computers—with more than 70 per cent. of this exported. "In the remaining years to 1980, growth is likely to be quicker than in other sectors."

Resources

The working party believed it would be unrealistic to try to create a major new international organisation in the office machinery field.

"As in several other industries, this industry will continue to be dominated by a few multinational companies with the resources needed for the massive investment on research and development and for the large-scale production required to cover the wide range of products and systems.

"None of the existing companies of this character is U.K.-owned or controlled and it would be unrealistic to think of the vast investment which would be required to create a new one."

There was still scope however, for expansion of production in the U.K. Improvements in the general economic climate could encourage international companies to expand here rather than elsewhere.

"More important, there are a number of medium-sized U.K. companies which could capitalise on opportunities by concentrating on particular products or sections of the market where growth prospects are excellent and where U.K. skills and software are available.

"The change-over to new office systems will provide a rapidly growing market for these products."

The threat from Japan to the industry had to be viewed very seriously. In the past import penetration in this sector had been concentrated mainly on electronic calculators and similar equipment. It had now spread into plain paper copiers and would extend to the whole range of office machinery, including word processing equipment, unless action was taken to counteract it.

Office Machinery Sector Working Party. Progress Report 1978: NEDO Books. 1 Steel House. 11 Tothill Street. London, S.W.1. Free.

Neglect of safety planning attacked

FINANCIAL TIMES REPORTER

COMPANIES which have not planned for the introduction of Britain's stricter safety laws in October were attacked yesterday by the Health and Safety Commission at the International Fire. Security and Safety Conference which opened in London.

But Mr. Michael Wates, chairman of the Wates building company, said at the conference small companies would be confused by the flow of new legislation on safety.

"Much of our industry is made up of the small and medium-sized firms. and for them the flow of new legislation must be absolutely mind-boggling."

He regretted that management-union relations on safety should be placed on a statutory footing. "A situation which imposes a statutory responsibility to talks has not been easy to enforce in the past."

Mr. Bill Simpson. chairman of the Health and Safety Commission, said companies which had not thought it worthwhile to plan for the new laws were wrong and would be at a disadvanta[illegible] when the laws started operati[illegible]

Such companies ought to ha[illegible] shown management initiative [illegible] working out with their unio[illegible] the most suitable arrangeme[illegible] for their business.

The new regulations give tra[illegible] unions the right to appoint safe[illegible] representatives with legal bac[illegible] ing to inspect their own wo[illegible] places. Unions will be able [illegible] work out how many safety office[illegible] will be needed per company.

Mr. Simpson praised some co[illegible] panies and industries for havi[illegible] worked out agreements alrea[illegible]

"The National Joint Counc[illegible] for the Building Industry is on[illegible] and I commend their approac[illegible] in an industry which has di[illegible] ficult health and safety problem[illegible] There are moves in this directio[illegible] in the electrical contractin[illegible] industry. and among the loc[illegible] authorities."

The TUC had also put a gre[illegible] effort into organising courses [illegible] industrial safety. he said.

The national cost of acciden[illegible] at work has been put at £1.8b[illegible] a year.

HOME CONTRACTS

£13m. rail signalling contract for GEC

AS PART of British Rail's Victoria station modernisation programme, GEC-General Signal has been awarded a contract worth over £12m. for general re-signalling work, with a further contract of just under £1m for a train describer system to work in conjunction with the new signalling.

A new signalling centre at Clapham Junction will house the main train describer equipment. which includes three GEC 4070 computers and 47 microcomputers.

There will be two mimic track diagrams covering Southern Region's Central and South Eastern divisions. with automatic transfer, enabling signalmen to identify all trains within the controlled area Remote signal boxes will be connected to the centre, using visual display units for data transmission.

The world's largest train describer, at London Bridge, is to be extended and connected to Victoria under a further £½m. contract awarded to GEC.

The Victoria project involves £43m. expenditure on signalling and track improvement up to 1983, and covers over 70 London and suburban stations.

* * *

Tyne and Wear Metro contract has been awarded to Scunthorpe-based railway track layer and manufacturer GRANT LYON EAGRE. It is valued at about £400,000 and requires manufacture and installation of 4 km. of track and associated sidings on the approaches to the Byker Viaduct.

* * *

RUSTON GAS TURBINES, of Lincoln, has won £2.6m. orders to supply North Sea installations. British Petroleum has ordered four gas turbine sets for Cruden Bay. Conoco has bought two compressor sets for the Indefatigable Field. and Shell Esso has bought two compressor sets for use at St. Fergus.

* * *

John Tams has placed a contract worth £310,000, for the first stage of a production unit at Berry Hill. Fenton. Stoke-on-Trent. The 30,000 square feet factory will be used for the production of flatware. It will be equipped with a sliphouse, tunnel kiln and boiler room. Main contractor is B. W. DAVIES (CONTRACTORS) and construction is to be completed early in 1979.

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Shell (U.K.) has placed a contract. valued at over £300,000, with MARCONI COMMUNICATIONS SYSTEMS for the installation of radio equipment that will establish a communications link between offshore stations, and additionally, connect back to the mainland.

*

HEAD WRIGHTSON TEESDALE has obtained a £250,000 order for the supply and erection of a bichromate rotary dryer for British Chrome and Chemicals, Eaglescliffe.

*

ANTON PILLER (U.K.). has received a £250,000 order for static no-break power supply equipment to be installed on the Murchison Field production platform in the North Sea. The order was placed by Conoco North Sea Inc., operator of the field for the Conoco BNOC Gulf Group. The system is required to supply no-break power to an 80kVA 110V single phase load consisting of the platform's critical control and instrumentation loads, including computers.

*

A Surrey firm. RACAL-ZONAL. has won a contract to supply over 200,000 reels of audio tape to the BBC for its national, local and overseas radio services.

*

The McTAY ENGINEERING GROUP has been awarded the phase one tankage contract for the United Molasses' Gladstone Dock Terminal, Liverpool. The contract, worth £150,000, is for the supply and erection of 8 mild steel tanks.

*

Butlins has placed a contract worth £80,000 through Phillips Group Projects (U.K.) with PYE BUSINESS COMMUNICATIONS for the installation of public address and entertainment audio systems at three of its hotels.

*

INERTIAL SYSTEMS has been awarded a £35,000 contract by the South West Water Authority to provide a security system which will protect the operating and control facilities of a dam. Wimbleball Reservoir on the edge of Exmoor, against intruders and vandals.

*

The English Industrial Estates Corporation state that work is to start on a 5,500 sq. ft. factory for the Development Commission at Bentham, near Settle, North Yorkshire. A contract worth about £141,000 has been awarded to W. G. ROYLES AND SON. Work is also starting on a 10,000 sq. ft. factory for the Development Commission at Longtown, Cumbria. This factory can be divided into two units of 5,000 sq. ft. each. A contract worth about £120,000, which includes site development, has been awarded to BARWICK BROS.

Unions at loggerheads over recruitment drive

BY NICK GARNETT, LABOUR STAFF

THE ASSOCIATION of Professional, Executive, Clerical and Computer Staff has asked Mr. Len Murray, TUC general secretary, to issue formal warnings to Mr. Clive Jenkins' union telling it not to "interfere" further in an APEX recruitment drive within the Automobile Association.

APEX says that if Mr. Jenkins' Association of Scientific, Technical and Managerial Staffs does not stop its "unfraternal conduct" it will press for action under TUC Rule 13 which is designed to be used against any union which acts against the principles of the TUC.

Mr. Ray Edwards, APEX assistant general secretary, said yesterday that his union would press for the expulsion of ASTMS from the TUC under Rule 13 if it felt that that was the only way it could solve the problem.

It was under this rule that the Transport and General Workers Union was expelled last year, to be reinstated within about an hour.

APEX said yesterday that the staff association at the AA had voted overwhelmingly to merge with APEX. 85 per cent. of the 2,400 association members balloted supporting the move.

At the moment, APEX has only 27 members within the AA. The staff association has more than 4,500.

Mr. Edwards said that ASTMS, which claims 700 AA members, had acted in breach of the TUC's dispute principles one and seven by carrying out industrial action at the AA, contrary to a disputes committee finding, and by interfering in merger talks between a staff association and another TUC-affiliated trade union.

Last year the TUC disputes committee upheld the right of a company staff association to give its negotiating rights to the trade union of its choice.

APEX says that part of the ASTMS "interference" included circulars to AA staff questioning APEX's ability and "moderation," particularly in reference to Grunwick.

The circular has been described by Mr. Ken Graham, assistant general secretary of the TUC, in a letter to ASTMS, as "unfraternal and to be deprecated."

Tanker men urged to back Shell white-collar strikers

BY PHILIP BASSETT, LABOUR STAFF

TANKER DRIVERS working from Shell oil depots have been asked not to cross the picket lines of 600 Shell white-collar workers on official strike over pay, Mr. Roger Lyons, a national officer of the Association of Scientific, Technical and Managerial Staffs said yesterday.

Response to the call could seriously affect the supplies of Shell oil and petrol. The unions, ASTMS and ACTSS, the white-collar sections of the transport workers' union, claim that supplies to garages and other consumers have already been hit.

Mr. Lyons said that 75 per cent. of the clerical, computer and supervisory staff at Shell's 46 oil terminals had now joined the strike and that almost all the main terminals were closed.

He said that Shell had refused to hold talks with the representatives of the staff involved. Garages in south London had already been hit by petrol shortages, and emergency arrangements for one hospital's supplies had been made.

The clerical staff have been offered pay rises of 10 per cent. plus at least 2 per cent. for productivity. They claim that Shell has been "very much more generous" in offers to other groups in the oil industry.

Shell said that 39 out of the 46 terminals were working normally.

Newsagents stage protest over 'anarchy in Fleet Street'

ABOUT 300 newsagents yesterday marched through Fleet Street, London, in protest against "anarchy" in the newspaper industry which they claim is threatening their livelihood.

Supplies of national newspapers have been disrupted because of industrial action by members of SOGAT employed in London wholesale warehouses.

About 27m. copies of national dailies were lost in the first three months of this year, said a spokesman for the National Federation of Retail Newsagents.

In a letter delivered to the major publishers, Mr. John Shorrock, president of the federation, described the supply situation as "no longer tolerable."

The federation added, "Millions of copies have been lost and we are no longer able to rely on a steady supply of our staple diet—the newspapers on which we depend to win customer loyalty."

Hovercraft crews seek parity

BY PAULINE CLARK, LABOUR STAFF

BRITISH Rail's hopes for an expanded cross-Channel Hovercraft service this summer could be thwarted by mounting industrial relations problems affecting staff and flight crew.

The Merchant Navy and Airline Officers' Association said yesterday it was backing 20 Seaspeed flight crew who threatening not to operate the new stretched SRN Mark 4 craft when it comes into service in June unless they are granted pay parity with Sealink officers.

Meanwhile, union representatives and British Rail have reported a breakdown in the consultation procedure affecting staff on the Princess Margaret service from Dover to Calais and Boulogne.

British Rail said yesterday some officers had agreed to operate the cross-Channel sea trials of the Mark 4 version scheduled to start in the next few days. But the longer-term outlook was "worrying."

Rush-hour buses halted

RUSH-HOUR bus services in London were affected yesterday by the first of a threatened series of stoppages by London Transport staff to protest about the introduction of a new rationalisation plan.

TUC needs more money

BY OUR LABOUR EDITOR

Unions are being asked for a 25 per cent. increase in subscriptions over two years to lift the TUC out of the red.

Now in its fourth year of deficit, the TUC has had to draw on much depleted reserves to keep running.

The finance and general purposes committee met yesterday and decided to recommend a 3p increase in each member's affiliation fee for next year, and 2p in 1980. The present fee is 20p per member a year—a total revenue of about £2½m.

ACAS sees no agreed way to solve shipbuilding problem

BY ALAN PIKE, LABOUR CORRESPONDENT

THE ADVISORY, Conciliation and Arbitration Service has found that there is no prospect of a conciliated settlement to the dispute over union representation of managers in the shipbuilding industry.

This effectively throws back to the British Shipbuilders Board the highly sensitive question of whether it should recognise the Shipbuilding and Allied Industries Management Association.

British Shipbuilders, which is under powerful pressure from the TUC not to recognise SAIMA and has been deferring a decision since the nationalisation of the industry, asked ACAS to give advice.

Demand

Senior ACAS officials have met representatives of both sides and satisfied themselves that there is no possibility of persuading them to reach a mutually acceptable settlement. SAIMA, which is now part of the Engineers and Managers Association and claims to represent 70 per cent. of managers in the industry, is continuing with its demand for a national recognition agreement.

Representatives of the Confederation of Shipbuilding and Engineering Unions convinced ACAS that they remained "resolute and uncompromising" in their opposition to this.

Confederation leaders can be expected to renew their pressure for an early decision against SAIMA at their monthly meeting with British Shipbuilders board members to-morrow. The board will then consider the issue when it meets in Newcastle on Thursday.

SAIMA members are engaged in an overtime ban in an attempt to hasten a decision from British Shipbuilders, although the disruptive effect of this has been limited.

The union supports its national recognition claim by arguing that it had a number of recognition agreements in individual yards prior to nationalisation and that it has shown itself to be more effective than other unions in recruiting managers.

The Confederation, to which the managers union is not affiliated, argues that existing unions can offer adequate representation to all sections of staff and that the introduction of more unions and a proliferation of bargaining units would be detrimental to industrial relations.

More civilian work call

BY OUR LABOUR EDITOR

MINISTRY OF DEFENCE establishments should diversify into civilian work, says the Transport and General Workers Union.

The union, now preparing for pay negotiations for its Government-employed members, says that about 10,000 jobs are at risk.

A document from the public services committee, entitled A Better Deal for Government Workers, says that it is time the Government put its own house in order. Many of its employees would be better off on the dole, and women were particularly poorly paid.

It says that no rigid pay policy should deter the union from doing justice to its members.

The TGWU's claim includes a "substantial" wage increase, a shorter working week, and the demand for diversification to save and create jobs.

Scots bread threatened

Unofficial action may threaten bread supplies in some parts of Scotland, after the breakdown yesterday of talks between the Scottish Bakers' Federation and the Union of Shop Distributive and Allied Workers.

The union seeks a productivity deal for its Scottish members employed by Ranks Hovis McDougall and Associated British Foods, so that jobs can be created for some of the 900 Spillers' employees who are losing their jobs in Scotland.

APPOINTMENTS

Planning director for Burmah Group

Mr. Jonathan Fry is to join the BURMAH GROUP as planning director from May 2 and will become a member of the Board of Burmah Oil Trading, the principal trading subsidiary.

★

Mr. D. M. Davies has been appointed managing director of the machine tool division of ALFRED HERBERT. He has been financial director of the company since 1973.

★

Mr. Philip Tarsh, a director of the Lonrho Group, has become chairman of VOLKSWAGEN (GB). He has been a non-executive director of Volkswagen (GB) since 1975 when Lonrho acquired the company from Thomas Tilling. Mr. Tarsh replaces Mr. F. A. Butcher, who has retired because of ill-health.

★

Mr. Robin Clark has become chairman of TAYLOR CLARK and the EQUITY TRUST in place of Mr. Robert Clark, who remains a non-executive director.

★

Mr. Leonard Colley is to retire from the partnership of KEMP-GEE AND CO., stockbrokers, from to-morrow, but will remain associated with the firm. At the same time Mr. Colin Humphreys, Mr. Charles van Straubenzee and Mr. Brian Durrant will join the partnership.

★

Mr. T. F. Honess is to retire from his executive appointment with the GUEST KEEN NETTLEFOLDS group on June 30 and he will then become a non-executive director of the company. Mr. A. Daly is to be chairman of GKN Sankey from July 1.

★

Mr. J. R. Spence, managing director of Weir Pumps, has joined the Board of REDMAN HEENAN INTERNATIONAL as a non-executive director.

★

Mr. David H. Williams has been appointed a director of MURRAY JOHNSTONE.

★

Mr. Daniel Bufton is to join the Boards of DUNFORD HADFIELDS and BROWN BAYLEY STEELS as purchasing director on May 1 in succession to Mr. Frank Holmes, who is retiring but will remain a consultant.

★

Mr. Gerry Pickett has been appointed to the Board of RIDAT ENGINEERING COMPANY.

★

Clarion Mechanical Holdings has appointed Mr. John Moore as managing director of CLARKLIFT MIDLANDS. He was previously with Lansing Bagnall.

★

Mr. Robert White has relinquished his directorships of DENBYWARE and subsidiaries following the company's decision to discontinue its furniture business. He remains in an advisory capacity.

★

Mr. Michael S. Tate has been appointed managing director of HENRY JONES (FOODS). Mr. Neil Carder, general manager of the international division, who has also been acting as chief executive, London, will return to the Melbourne office next month.

★

Mr. W. C. C. Morrison has joined the Board of BROWNLEE AND CO., as a non-executive director.

★

Mr. Ron Hill is to retire from the Board of BRENT CHEMICALS INTERNATIONAL after the next annual meeting but will remain with the company on a part-time basis. Mr. P. I. Brittain and Mr. F. W. Stubbs will also resign from the Board on that date but will continue with the group on the Boards of certain subsidiaries.

★

Mr. Christopher N. Jones has been appointed to the Board of BERNARD SUNLEY INVESTMENT TRUST and continues as chief surveyor.

★

Major General R. M. Carnegie is to be Military Secretary, MINISTRY OF DEFENCE, in July in the rank of lieutenant general in succession to Lieutenant General Sir Robert Ford. Major General P. J. H. Leng will become General Officer Commanding 1 (British) Corps in July in the rank of lieutenant general in place of Lieutenant General Sir Richard Worsley.

★

Mr. Ian Wilson has been appointed truck sales and marketing director for medium/light vehicle division of LEYLAND VEHICLES.

PARLIAMENT AND POLITICS

Speaker halts further naming of Colonel B

BY IVOR OWEN, PARLIAMENTARY STAFF

A RIGID clamp-down of any further use of Parliamentary privilege by MPs to enable them publicly to identify Colonel B—the army intelligence officer involved in a secrets case—was imposed by the Speaker, Mr. George Thomas, in the Commons yesterday.

He made it clear that under the sub judice rule adopted by the House in 1963 the identification of Colonel B by four Labour MPs last Thursday should not have been permitted.

An unsuccessful attempt was made by Mr. Max Madden (Lab., Sowerby) to secure an emergency debate on the implications for Press freedom of the action taken by the Director of Public Prosecutions to warn newspapers that they might be held in contempt of court if they named Colonel B in the course of reporting proceedings in the Commons.

But Mr. Michael Foot, Leader of the House undertook to consider the possibility of a debate on the wider issues involved after Mr. Francis Pym, shadow leader of the House, had joined with other MPs in urging that these should be thrashed out in the near future.

In imposing the ban on any further identification of Colonel B, the Speaker explained that he had not intervened when the officer's name was disclosed last Thursday because he had been unaware that the matter was sub judice.

In the interval he had made inquiries and it was quite clear that the identity of Colonel B formed an integral part of the case now in progress. It therefore clearly came within the sub judice rule and should not be referred to in any motion, debate, question or supplementary question.

All MPs were bound by this rule and were bound by it, even if they did not like it. The Speaker was bound to ensure that it was observed.

Mr. Thomas added: "The proper course for Members who

MR. MAX MADDEN
"Freedom to report."

disapprove of this rule is to attempt to get it altered, not to flout or even to bend it.

"I will not permit any further identification of the officer or any reference to the criminal case in which he is involved."

The Speaker, who, on Friday, refused to permit an immediate debate on a motion calling on the Privileges Committee to consider whether the action taken by the Director of Public Prosecutions constituted a contempt of Parliament acknowledged that a Parliamentary motion had since been tabled asking that the matter should be referred to the Committee of Privileges.

The ruling that such a motion could not be given preference over the other business of the House must stand. But if it were to be decided that the matter should be referred to the Committee of Privileges, he would be content.

Mr. Madden, unsuccessfully seeking an emergency debate, contended that an early opportunity should be afforded to Mr. Sam Silkin, the Attorney General, to explain why he had instructed the DPP to advise the media that it was not accepted that the publication of Colonel B's name would no be a contempt of court.

The assurance given later by the Attorney General that he was not contemplating any action against the newspapers or the broadcasting authorities had done little to remove the concern and anxiety of the media about the extent of their protection in reporting the proceedings of Parliament.

For many years, said Mr. Madden, it had been accepted that MPs enjoyed absolute privilege and that those who reported Parliamentary proceedings had qualified privilege, "in so far as those reports are full and fair and without malice."

But the action taken by the DPP seemed to contradict this view. Early clarification was needed, so that newspapers could know whether all matters discussed in the House were covered by qualified privilege or whether the Director could be instructed at some future date to "lean" on the media again.

Next time, all newspapers or all broadcasters might be persuaded to submit or to face legal proceedings initiated by the Attorney General.

Mr. Madden emphasised that broadcasting had added a new dimension to the reporting of Parliament. Up to the Colonel B. incident, most people thought it inconceivable that broadcast proceedings could have anything less than complete qualified privilege. Yet the broadcasters had also been warned by the Director.

"If the freedom to report fully, fairly and without malice is threatened, or even held in serious question, the absolute privilege which Members have to raise matters on behalf of their constituents without fear of legal action, would be rendered a serious blow."

Worker director proposals out soon

By Ivor Owen

COMPROMISE WILL be the keynote of the Government's proposals for securing the appointment of worker directors, Mr. Edmund Dell, Trade Secretary, indicated in the Commons yesterday.

Replying to questions, he told MPs that they would now have to wait only "a little amount of time" before the White Paper announcing the outcome of extensive consultations, held by Ministers since the publication of the Bullock report on industrial democracy, is presented to Parliament.

After the Minister had failed to respond to an invitation from Mr. Nicholas Ridley (C Cirencester and Tewkesbury) to confirm that the White Paper would show that "Bullock is dead," Labour backbenchers voiced their support for a radical approach.

Mr. Ivor Clemitson (Lab., Luton E) strongly emphasised that in some circumstances half a loaf was worse than no bread.

"It is essential that we do not compromise on certain matters such as equality of representation on Boards," he declared.

Mr. Dell refused to agree that in this case, half a loaf was necessarily worse than no bread. "If you examine the situation in many other countries, you will find their system has evolved. Evolution is sometimes a successful approach to problems of this kind," he declared.

In conciliatory tones, Mr. John Nott, Shadow Trade Secretary, underlined the advantages which would flow from agreed proposals. Nothing would be gained if the issue of industrial democracy were to become a political shuttlecock with every change of Government.

He hoped that the government would be able to produce a non-controversial scheme "which takes us forward by evolutionary stages."

Mr. Dell agreed that there had already been too many instances of yo-yo legislation which had been enacted and repealed over the years. Throughout the consultations on the Bullock report, he had emphasised the need for agreement, if at all possible, and for legislation which would have a wide degree of acceptance.

"I cannot say that the endeavours to achieve that situation have resulted in success. What the Government is now facing is the need to publish its own proposals and to attempt to win support for them."

He stated that the White Paper would define the kind of "statutory fall back" there should be if voluntary arrangements could not be negotiated.

Benn opposed to oil-fired power stations

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. ANTHONY WEDGWOOD BENN, Energy Secretary, yesterday came out strongly against the ordering of any more oil fired power stations for Britain, when he opened the second reading debate on the Nuclear Safeguards and Electricity (Finance) Bill in the Commons.

"I would find it impossible to contemplate the ordering of more oil-fired stations," he told MPs in the middle of a long passage, in which he emphasised the need to get the maximum benefit from the heavy investment which has taken place in the coal industry.

This matter, he said, was of particular interest to those who were putting forward proposals for oil fired stations.

Mr. Benn added that his department would shortly be announcing the result of its research and development study on the use of coal in Britain's power stations. This was of great importance and would indicate the future use of coal in power generation.

The Energy Secretary stressed that we had to see that investment in the mining industry was matched by an appropriate market. Only that morning he had discussed the matter thoroughly with the coal tripartite committee on which his department, the National Coal Board and the unions are represented.

They expected consumption by coal-burning power stations to rise to 85m. to 90m. tonnes by 1990. Nor was there any doubt in his mind that a reasonable EEC energy policy would find a market for British coal, which was cheaper than German coal.

The Bill which the House was debating compensates the Central Electricity Generating Board for costs incurred in bringing forward the order for the second stage of the Drax B coal-fired generating station.

It also lays down the procedures for the inspection of civil nuclear installations in Britain under the terms of the Nuclear Non-Proliferation Treaty.

The Bill is, in fact, only a remnant of the original legislation which Mr. Benn wanted to bring forward. He had envisaged a Bill containing sweeping proposals for the reorganisation of the electricity supply indu[...] but these were killed off [...] result of stiff opposition fro[m the] Liberals.

The contentious proposals [...] centralisation were revived [...] recent White Paper and are due for discussion by [...] Commons Select Committee [on] Nationalised Industries.

The suggestions include [...] establishment of a single st[atu]tory body, the Electri[city] Corporation, to replace the [pre]sent Electricity Council, Cen[tral] Electricity Generating Board, [...] the 12 area electricity boa[rds]. The corporation would [...] power to make or sell electr[icity] plant and fittings.

Mr. Benn made it clear to [the] House yesterday that he wo[uld] make every effort to bring th[e] proposals forward in a furt[her] Bill in the new session of Par[lia]ment in the autumn.

He said that he wanted to [...] the wider Bill in the next ses[sion] of the present Parliament and [...] hoped that by then the propo[sals] would have the backing of [the] select committee for nat[ion]alised industries.

It was not rational, he said [...] have an electricity sup[ply] industry operating with[out] having any obligation to h[ave] regard to its own supply industry.

He thought there was so[me]thing absurd about a minis[ter] having to draw the attention [of] the CEGB to the need not to [put] its own supplying industry into serious problems. "Tha[t] hope will be put right when [the] reorganisation of the electric[ity] supply industry comes into ope[ra]tion," he added.

Mr. Benn said orders for D[rax] B generators and boilers wo[uld] begin this summer and the m[ain] construction work orders wo[uld] come in April, 1979. About 4,[...] jobs would be provided, 2,000 [at] Parsons and in Babcock & Wilcox and 2,000 in other indus[tries].

Mr. Tom King, Conservat[ive] energy spokesman, said that [it] was just the remnants of [the] original Bill. He thought [...] the long delay over the legis[la]tion and the eventual killing [...] of the reorganisation propo[sals] was a classic example of [...] not to legislate.

Finance Bill challenge on top tax rates

BY RUPERT CORNWELL, LOBBY STAFF

LIBERALS AND Conservatives will be pressing for big cuts in the top rates of income tax when detailed examination of the Finance Bill starts in a fortnight, encouraged by the apparent full endorsement given this policy at the weekend by an influential Cabinet Minister.

Changes in this field, rather than in the crucial area of the basic rate, are increasingly coming to be seen at Westminster as the more likely outcome of the struggle during the committee stage of the Bill, which gives legislative shape to the budget proposals.

Both parties were yesterday pointing to the comment of Mr. Harold Lever, Chancellor of the Duchy of Lancaster, that a correction in higher rates "is now overdue, and I think that we will see one."

This has reinforced the view that the government would not look too unkindly on an amendment being carried to this effect, but without the threat of Left-wing trouble it would have incurred had it made the move itself. The cost of a reduction in the top rate to 60 per cent. from 83 per cent. is put at only £60m.

In any case, senior Liberals were acknowledging yesterday that even if they and the Tories joined forces to press for a lower basic rate, there was no certainty that the Government would not be saved by enough stray votes from other minor parties.

Meanwhile, Mr. John Pardoe, Liberal economic spokesman, has again defended his party's tax cuts policy. It was, he said, "not brinkmanship, nor a wrecking operation, nor an attempt to manufacture a breaking point for the Lib-Lab pact. It is simply a re-statement of our agreement with the Government."

Mr. Pardoe, who will have further talks to-day with Mr. Joel Barnett, Chief Secretary to the Treasury, said in Epsom last night that the Government had not honoured its pact commitment to start to shift taxation from income to expenditure.

Dell urged to reconsider plan to buy Boeing 737s

MPs ON BOTH sides of the Commons yesterday urged Mr. Edmund Dell, Trade Secretary, to think again about buying British before placing an order to replace British Airways existing fleet.

Mr. Dell said that at a meeting earlier this month with the chairman of BA, Sir Frank McFadzean, a proposal had been put forward to buy 19 American-made Boeing 737 aircraft to replace the airline's older Tridents.

Mr. Terry Walker (Lab. Kingswood) said the jobs of many people depended on British Aerospace producing the aircraft British Airways were going to need in the future.

Mr. Walter Johnson (La[b.] Derby S.) urged Mr. Dell to c[...] a meeting of British Airway[s] British Aerospace and Roll[s] Royce to ensure the right de[ci]sion was taken.

Mr. David Price (C. Eastleig[h]) said: "If BA don't buy Briti[sh] aircraft, who else round t[he] world is expected to?"

Mr. Dell said that ma[ny] countries were prepared to "bu[y] British." He agreed with M[r.] Norman Tebbit (C. Chingfor[d]) who said BA's preference for t[he] Boeing was no criticism of t[he] British-made BAC 1-11. Th[ey] simply preferred a larger ai[r]craft.

Campaign to 'buy British'

By Rupert Cornwell

A SPECIAL Cabinet Committee has been set up, containing the leading economic Ministers, to look into ways of promoting a successful "Buy British" campaign, to prevent the greater spending power of consumers being channelled entirely into imports.

The committee has already started work. Its members, who include the Trade Secretary Mr. Edmund Dell and Mr. Eric Varley, Industry Secretary, will be liaising closely with the National Economic Development Office (NEDO) as well as consumer interests.

The campaign, which has been personally ordered by the Prime Minister, is to ensure that the extra money in people's pockets does not go straight into foreign goods, and raise the danger of another balance of payments crisis.

Japanese deal 'covers vehicles assembled in Irish Republic'

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. MICHAEL MEACHER, Under Secretary for Trade, said yesterday that Japanese commercial vehicle manufacturers were unlikely to use the Irish Republic as a base for exporting to the U.K.

He made clear in the Commons that any vehicles trans-shipped to the U.K. via the Republic would be regarded as direct exports from Japan.

Vehicles in this category would fall within the assurances which the Japanese had given to Britain about avoiding any direct export of trucks to the U.K.

Mr. Meacher's comments follow suggestions that an Irish company, J. Harris, is about to begin exports of Japanese trucks to the U.K.

These vehicles, assembled in Ireland from parts supplied by Hino, the heavy commercial vehicle manufacturer within the Toyota group, have already established a prime position in the Irish market.

The indications are that because the vehicles are assembled locally in the Irish Republic, they do not fall unequivocally within the agreement on limiting Japanese vehicle exports to Britain. The agreement talks specifically about "direct" exports but does not appear to cover vehicles assembled within other Common Market countries.

Mr. Meacher admitted yesterday that goods vehicles assembled in the Irish Republic, which had paid the Common Market export tariff, had free circulation in the EEC.

But he added: "I think the Japanese accept that this is a very sensitive sector and would not encourage the manufacturer involved—J. Harris—to engage in this activity."

There had been rumours about an invasion of the British market, but it had not materialised, said Mr. Meacher.

The Society of Motor Manufacturers and Traders estimated that about 60 vehicles assembled in Ireland from Japanese components were registered last year, all in Northern Ireland. There were another 30 in the first three months of this year, he added.

Foot denies attempt to by-pass MPs

BY RUPERT CORNWELL

THE GOVERNMENT has rejected a demand from the powerful committee which vets the flood of subordinate legislation before Parliament for the automatic right to examine such measures before they are approved by the House.

This was made clear by Mr Michael Foot, Leader of the Commons, yesterday, in a lengthy and conciliatory reply to Mr Graham Page, Tory MP for Crosby, chairman of the Joint Committee on Statutory Instruments which, in February, issued a report bitterly critical of Ministers' use of such orders.

That report had attacked the Government for its "astonishingly casual attitude" on subordinate legislation, or statutory instruments as they are technically known. It claimed that Whitehall departments had cynically used this back-door device to "by-pass" Parliament on major decisions.

Mr. Foot dismissed these allegations as ill-founded and absurd." But the rest of his letter promised a constructive response from Ministers to many of the recommendations of the committee, whose members come equally from the Commons and the Lords.

Although the pressures of Parliamentary time meant that the Government could not promise to delay a debate on an order until it had been scrutinised by a committee, Mr. Foot did undertake to see that the rule that there should be a three-week gap between an order going before Parliament and its enforcement should be normally observed.

There were, however, many cases where the 21-day rule was inappropriate, he pointed out.

Aircraft projects 'decided on commercial grounds'

BY OUR PARLIAMENTARY STAFF

DECISIONS ON new civil aircraft projects in Britain will be taken on commercial and not on political grounds, Mr. Eric Varley, Industry Secretary, told the Commons last night.

He was replying to a written question from Mr. Kenneth Clarke (C. Rushcliffe) asking what part the Government was playing in the decision of British aerospace over collaboration in the joint European transport project and with U.S. manufacturers in future civil aircraft projects.

Mr. Varley replied that the Government had repeatedly made clear that it regarded decisions on new civil aircraft projects as commercial, not political, matters.

"I am awaiting proposals from British Aerospace on possible collaborative projects.

"During my visit to Paris in February I saw the French ministers responsible for aerospace matters, the President of SNIAS and senior management of SNECMA.

"I have invited senior management of Boeing, Lockheed and McDonnell Douglas to visit London for discussions. I will undertake, as appropriate, further discussions with reference to possible European collaborative projects.

"I must make it clear that all these discussions are for information and are not in any sense negotiations."

Anti-dumping plea to EEC

By Our Parliamentary Staff

THE DEPARTMENT OF TRADE is advising the U.K. soft tissue industry on the prseentation to the EEC Commission of an anti-dumping application against soft toilet rolls from Spain, Mr. Michael Meacher, Trade Under Secretary, told the Commons in a written reply last night.

Statement on forces pay likely

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE GOVERNMENT's long-awaited statement on pay for the armed forces is expected to be made to-day by Mr. Callaghan, Prime Minister. It will be accompanied by a White Paper, setting out the Government's detailed decisions.

The proposals are widely believed to include not only a pay rise of about ten per cent., to stay within the Government's guidelines on pay policy, but also adjustments to various special aspects of forces' pay—including payments for hardship and unsocial hours—that will bring the overall award up to an average of about 14 per cent.

The Government's aim is to try to boost morale in the armed forces and to stem the current drain of skilled personnel, while avoiding the impression that the forces have been singled out for special treatment.

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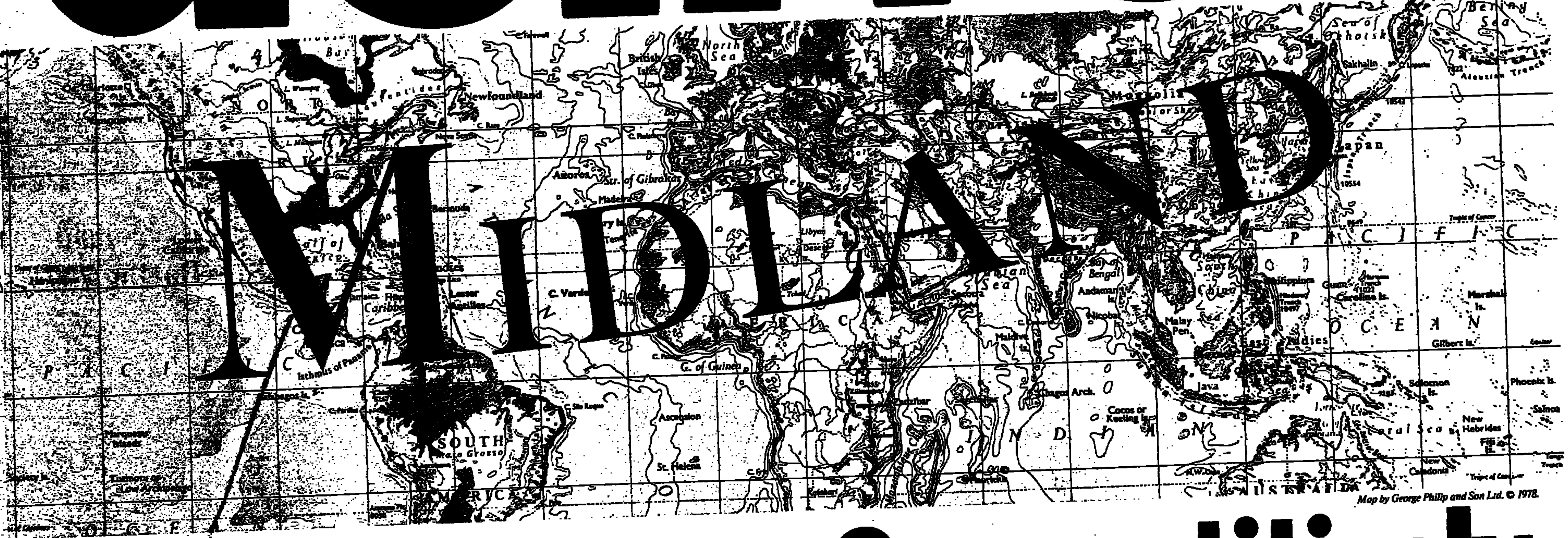

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SECURITY

Reduces the number of false alarms

SPURIOUS triggering of intruder alarms can cause a great deal of annoyance both to local residents and to the police, particularly when this happens in the middle of the night.

British Security Industry Association recently recommended to its members that any audible warning systems installed outside premises should be so designed that after 20 minutes the alarm bell or other device should cut out without the need for the keyholder to switch off.

Securicor has announced that it is now offering in all specifications for new alarm installations a self-powered bell unit which incorporates an automatic cut-out. This will silence the audible alarm 20 minutes after it has gone on—by which time its job would normally have been done. At the same time, it will switch on a flashing alarm light in the face plate that will continue to operate till the keyholder arrives.

Securicor is on 01-828 5611.

In the meantime, Gwinever has brought out a central control unit for alarm equipment—both for fire warning and for anti-intruder work—for which it claims high immunity to spurious action.

Suitable for incorporation into existing installations it has been designed to the new British Standard BS4737 Part II which comes into operation in June this year and conforms with BS 3116 on fire alarms.

Programmable Alarm Interface System (PAIS) has a memory which is programmed on user instructions, when installed, to specify what combination of signals from the various sensors and what minimum durations will activate the alarm.

This means that vibration from a heavy lorry, a power supply spike or the effects of a thunderstorm can be programmed out, while the effects of a breaking window or a door being forced can be programmed in.

The unit can detect and place in its memory an initial trespass across a perimeter fence and, though alerted, can be instructed not to sound the alarm till a second sensor—perhaps on the premises itself — has been activated. On the first intrusion, it could also be instructed to alert the police without sounding an alarm.

More on the device, which can be used to protect machines and workers as well as provide security, from Gwinever, Neston, Corsham, Wilts. 0225 810591.

Hinders the shoplifter

DEVICES to lessen light-fingering in the audio retail trade have been introduced by Volumatic, Taurus House, Kingfield Road, Coventry.

The alarm systems, called Protectalarm, Protectaloop and Multiloop, have been previously used in various areas to combat shoplifting, but the new loop alarm systems use audio security cables which are actually plugged into hi-fi sets, cassette recorders and portable radios. If any attempt is made to remove the audio security din plug from protected merchandise, the alarm (at 100 decibels) is immediately sounded. Any number of units, says the cable makers, can be protected within the security loop.

● RESEARCH & DEVELOPMENT

Fuel cell work goes ahead

CONTRACTS of nearly $1.8m. have been awarded to two General Electric Company of the U.S. for components to support initial studies on advanced fuel cell-battery-like devices that convert chemical energy in fuels directly into electricity.

The larger of the contracts, from the U.S. Department of Energy (DOE), will support work at the Research and Development Centre, Schenectady. The company's Energy Systems Programs Department (ESPD), also in Schenectady, will evaluate various fuel cell power system designs in a parallel contract, awarded by the Electric Power Research Institute (EPRI), expected to last about two years.

Valued at $1.4m. this part of the contract provides funds for the first phase of a programme to perfect and demonstrate advanced "second generation" fuel cells, which employ a molten carbonate electrolyte.

Success in the early research phases could open the door for progression toward construction and testing, in the late 1980s, of a multi-megawatt demonstration power plant employing the advanced cells.

The two-year-long Phase 1 programme will focus on technical problems critical to the ultimate success of carbonate fuel cells. These involve fabrication and performance of cell electrolytes, corrosion of seals and parameters of other structural components.

GE studies indicate that large, central, fuel-cell power plants operated on synthetic gas from on-site coal gasifiers theoretically could be cost-competitive with the most promising coal-based power generation concepts.

ESPD's programme will focus on the economic performance of the total fuel power plants, paying attention to integrating them into an electric utility system. In the programme, several conceptual designs for coal-and oil-based systems will be developed; these designs will be subjected to "sensitivity analyses" to compare overall economics and performance levels.

More scope to develop ideas

IT WAS announced yesterday that the amount the National Research Development Corporation (NRDC) can invest in an individual project, without seeking the approval of the Secretary of State for Industry, has been increased from £20,000 to £250,000.

This means that NRDC will now have the authority to support joint ventures of up to £½m. (on a 50/50 basis) without having to refer to the Secretary of State for Industry.

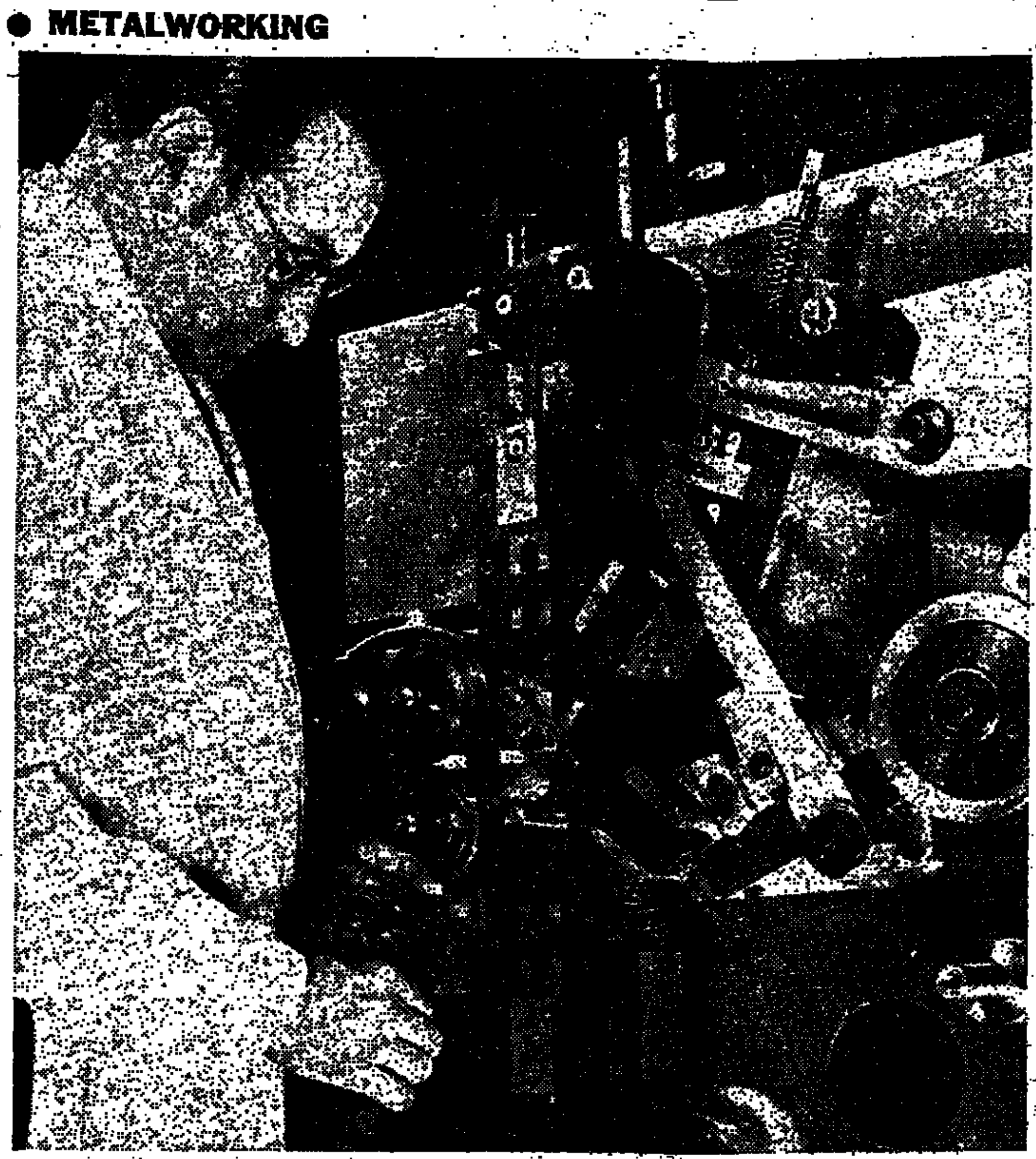
● CALCULATORS

Three scientific units

THREE scientific hand-held calculators, falling comfortably within the reach of students and younger scientists and engineers, are offered by Hewlett Packard, King Street Lane, Winnersh, Wokingham, Berks.

Each model in the series—HP-31E scientific, HP-32E advanced scientific and HO-33E programmable scientific—features more powerful functions, larger sloped displays for easy read-out, diagnostic error code systems, accuracies formerly available only in the most sophisticated calculators, automatic commas to delineate thousands and millions, non-slip rubber base pads, and positive click-action keys.

● METALWORKING



This is the latest spring coiling machine developed by TI Bennett Machines. It will coil wire up 3mm in diameter. Maximum coil diameters are 60mm and output speeds range from 24 to 212 springs per minute. The machine is to be shown at the 6th International Wire Exhibition in Basle, Switzerland, from June 20 to 24. It costs about £20,000.

Does the job in one go

AN ADDITION to the Bradrad range of tools manufactured by G. & J. Hall, Burgess Road, Sheffield, is its Sawborer, for opening out the bores of circular saws and discs.

A three-flute cutting action should save the cost of a range of drills or other tools, as one multi-diameter Bradrad produces a range of well-finished parallel holes, claims the maker.

Made of Cobalt super high-speed steel and capable of handling the toughest saw-blade materials, it is available in two sizes—¾-inch to two-inch diameter for imperial range, and 20mm to 60mm for metric range.

More on 0742 440562.

Swedish stirrers for U.S.

TWO MAJOR orders for induction stirrers for primary ingot, sheet and plate complexes for Kaiser Aluminum and Chemical Corporation's remelt furnaces (two each at Ravenswood, West Virginia, and Trentwood, Washington) have gone to ASEA Inc., the U.S. marketing susbidiary of Sweden-based ASEA.

The equipment consists of a stirrer for each remelt furnace, a single thyristor convertor to power the stirrers, switching and control cubicles, and ancillary power equipment.

More on 01-467 9119.

Accuracy is improved

SETTING-UP times on Webster & Bennet 36-inch vertical borers have been cut by up to 15 per cent. since the introduction of Philips digital position readouts at Hydrovane Compressors in Redditch, Worcestershire. In addition, the high accuracy of the systems means less reworking and greater interchangeability of machines and operators.

Hydrovane air compressors are known the world over, and the purpose-built factory in Redditch manufactures industrial stationary rotary oil-sealed air compressors and portable sets for road construction and repair work.

The vertical borers are used for accurate machining on various aluminium and ferrous castings used in the compressors. Operations include facing and boring bell housings, lanterns, oil chambers, compressor stators and so on.

Tolerances vary widely according to the part, but on a typical aluminium oil chamber with an 8-inch diameter bore the bore tolerance would be ±0.0015 inch, and facing operations on the stator would be ±0.001 inch over a 14-inch length with parallelism and flatness held within ±0.001 inch.

More from Philips Machine Tool Controls, POB 22, Dorking, Surrey RH5 5AQ. 0306 711233.

● COMPUTING

Keeps track of thousands of spares

QUIK-SELL is a high capability system designed and developed specifically for wholesalers and retailers, which can handle up to 40,000 product lines, as well as complete stock control and sales ledger for less than £15,000.

This covers special programs, two display terminals, a printer and a DEC-PDP 11/03.

Handling of customer orders and enquiries, is speeded up and the equipment improves the throughput of sales, makes sure the business is never out of stock, handles accounting and tells users what their profit (or loss) situation is at any time.

Turner's Electrical Services, an electrical wholesaler/retailer in Slough Market, Berks., has installed the first of these systems. It is handling up to 25,000 lines, stock control and sales ledger.

According to the company the cost per week of the system is half that of the equivalent manual one.

The installation replaces the previous manual card system which was "just too time-consuming" for the company's large range of electrical stock.

Electrical part numbers can now be obtained in seconds from the computer together with the bin code.

Gamma Telecommunications Systems, Wokingham (0734) 784641.

Forecasting package

ALTERGO SOFTWARE has been given a £50,000 grant under the Software Products Scheme, to finace the further development of a budget and cash flow forecasting package called Budget 6.

Budget 7, as the updated version is to be known, will be suitable for IBM 360 and 370 users. It will initially be a batch system but later be usable under TSO. The projected development time is nine months.

This is the second occasion Altergo has been backed by the NCC's Software Products Scheme. The previous occasion was for the further development of Shadow II, a teleprocessing monitor which has achieved success all over the world.

Altergo, 38, Soho Square, London W1V 5DF, 01-734 9681.

● MATERIALS

New base for leisure

AN ALL-WEATHER sur... suitable for indoor and out... cricket wickets, has been a... to the range of recreational... faces manufactured by... Rubber Company.

The Neoprene mat... developed from the comp... running track material, Poly... a wet-pour method on to a... pared concrete base, is fini... with a top coat of paint to... vide a quality playing sur... Suitable for fast and slow b... ing, and matching the lim... variability of a good g... wicket, the new surface, kn... as Avonwicket, is in situ at ... and has already been teste... three Gloucester county pla...

Further from Avon at B... end, South Wales, 02216 ...

Conductive adhesive

A ROOM TEMPERATU... curing, two component, elec... ally conductive silver ep... adhesive, called Elecolit ... comes from Industrial Scie... which claims the product ... electrical conductivity m... superior to other silver ep... adhesives on the market.

Suggested for chip bonding, hybrid circuits, hybrid ass... blies, wave guide plumbi... making electrical connecti... paths and connecting heat se... tive components to printed ... cuit boards, it claims curing ... room temperature in 24 ho... and to be rapidly heat cured ... yield a volume resistivity ... .0005 ohm/cm.

Further information from ... company at Leader House, S... gate Street, Dover CT17 9... (0304 202656).

New oils for old

A METHOD of recycling u... mineral oils from which eme... various grades of pure oil w... the same characteristics as vir... oils, is claimed by Leybo... Heraeus in collaboration w... Aseol and Degussa AG.

The process, known ... Recyclon, is based on the elimi... tion of water and low-boili... point impurities from the wa... oil by reaction with meta... sodium at high temperatures, a... distillation of the entire quant... of oil under high vacuum.

With the mixing and stori... together of all waste oils in t... process, it is alleged the pu... fractions that are produced ha... the same essentials as new oil...

More from the company at 1'... Greenwich High Road, Lond... SE10 8JA (01-858 1127).

PUBLIC NOTICES

SOUTH EASTERN ELECTRICITY BOARD
Maximum Charges for Resale of Electricity

Pursuant to Section 29 of the Electricity Act 1957 the Board hereby gives notice fixing maximum charges in consideration of which electricity supplied by the Board may be resold by persons to whom it is so supplied as follows:—

On and after the 1st May 1978 the maximum charge at which electricity supplied to any person by the South Eastern Electricity Board (whether supplied on the Board's Domestic Two Part Tariff or otherwise) may be resold by such person for use by some other person for domestic purposes in all types of accommodation, shall be a charge per unit of 0.2p more than the unit rate in that Board's Domestic Two Part Tariff as varied by the fuel cost adjustment, with the addition of a charge of not more than 3.3p per day on which the supply is made available to that person.

D. A. GREEN,
Secretary.

Queen's Gardens,
Hove, East Sussex
BN3 2LS
April 1978

SEEBOARD

OFFICIAL NOTICE

The loss has been reported to us of the following London Metal Exchange Warrant, and we have been requested to issue a duplicate Warrant: Warrant No. 42562—317 ELECTROLYTIC COPPER CATHODES—Weight 25.076 Kilos—BRAND: MEK.

Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods or the issue of a duplicate Warrant.

C. STEINWEG (HAMBURG) G.m.b.H., CHILEHAUS A. 2000—HAMBURG—1.

CANNOCK CHASE DISTRICT COUNCIL £240,000, issued 26th April, 197[...] due 25th October, 1978, at an average rate of 8⅝% p.a. Applications totalled £1,920,000. Total outstanding £240,00[...]

HAMPSHIRE COUNTY COUNCIL £3,000,000, issued 26th April, 197[...] due 26th July, 1978, at an average rate of 7¼% p.a. Applications totalled £2[...] Total outstanding £13,500,000.

CLUBS

ART GALLERIES

هكذا من الأصل

The Management Page

The European petrochemicals industry has got its sums badly wrong. **Kevin Done reports.**

Looking forward to ten years of overcapacity

The petrochemicals industry in the EEC is facing the greatest crisis in its history, according to a study that is being prepared for the European banking community. It faces the prospect of living through the whole of the next 10 years with pronounced overcapacity.

For more than 12 months, ever since the European economies failed to recover from the recession in the wake of the Arab oil embargo, petrochemicals manufacturers throughout western Europe have been confronted by falling prices, weak demand and a rapidly growing surplus of plant capacity. The day the industry gets back to some sort of balance is moving steadily further away, although even the pessimists had pinned their hopes on the early 1980s. But now Eurofinance, a research organisation formed to provide investment advice to a number of major international banks, is suggesting that even such an apparently gloomy view verges on foolhardy optimism.

It considers that some form of regulation of chemical markets is inevitable. Where steel and synthetic fibres have led the way, petrochemicals will follow. "There is no solution but concerted action by manufacturers and governments together, to develop speedily the checks and balances which the market needs," says the Eurofinance study. "These checks and balances have to come. The question is not whether they will, but when? How much suffering can the European petrochemicals manufacturers take before they apply to governments for concerted action?"

Eurofinance's report goes later this year to its nine shareholder banks, including West Germany's Dresdner Bank, Switzerland's Credit Suisse, Lehman Brothers of the U.S., and Société Generale of France, Austria's Creditanstalt Bankverein and Société Genérale de Banque of Belgium.

It is unlikely that its dire prognosis would yet be accepted by all petrochemical manufacturers around Europe. If they are wanting to clutch at straws they can point to the small series of successful price increases implemented recently in market sectors such as plastics and alcohols, which seem to have a good chance of holding. But these mark only the beginning of what would be a long haul back to reasonable levels of profitability, and price increases will do little to halt the damaging growth of surplus plant capacity.

The fact is that Europe's petrochemical producers are still building plants faster than demand is growing for their products. The latest inquiry by CEFIC, the European Council of Chemical Manufacturers' Federations, only looks ahead as far as 1981. But it predicts that for this five-year period from 1977 overcapacity for the major base petrochemicals, such as ethylene, can only become worse.

'How much suffering can manufacturers take before they apply to governments for concerted action?'

Ethylene is at the heart of a modern petrochemical complex and is the raw material for a great variety of products, from plastics and fibres to detergents and anti-freeze. Economically viable plants to-day cost more than £200m. and these giants have become the virility symbols of the industry, forming the essential starting point for other chemical products along the line. Ethylene consumption in Western Europe is unlikely to grow at much more than 4 per cent. a year for the next four years, compared with rates of 8 per cent. and more that were being predicted 12 months ago. At the same time, CEFIC says capacity will be growing at 5.3 per cent. a year.

The declining growth in demand for basic petrochemicals manufactured in Western Europe has been caused by three main factors. Overall industrial growth has slowed, inevitably dragging down the chemical industry which relies more than most other sectors on sales to other industries, rather than to the consumer. Over the last 15 to 20 years, chemicals has succeeded in growing faster than the rest of manufacturing industry, but as the process of substituting natural products slows, so does its growth rate against other industries.

Most important, former export markets outside the EEC are building their own production plants. This is particularly true for the Eastern Bloc, which in the past has been a sizeable export market for EEC petrochemicals.

In addition some of the big textile producers in South-East Asia have constructed their own synthetic fibre raw materials plants. And countries on the fringe of the EEC, such as Spain, Austria, Portugal and Norway are also building their own capacities, which will turn them from being a market for EEC goods into exporters to the Community.

In the last two years demand has picked up again, but only slowly, and further factors are emerging which will guarantee continuing over-capacity. Not only will the EEC industry have to face this competition from neighbouring countries, but also after 1985 from the Arab oil producers. Extra pressure will result from current investment by EEC producers themselves to clear production bottlenecks in existing plants. Taken alone, none of these factors poses a major threat, but together they presage overcapacity for most petrochemicals in the EEC "throughout the whole of the 1980s," says Eurofinance.

Admittedly the picture varies somewhat from product to product, but Eurofinance suggests that capacity for most petrochemicals is likely to be enough to meet demand for another five to six years, especially for ethylene and propylene, the most important basic chemicals derived from oil and gas, and for the first stage derivative products, such as the plastics, polyethylene and polpropylene.

Why was so much capacity installed in the first place? The answer stems from the extraordinary demand the industry faced before the oil crisis and in the months immediately after. As Eurofinance points out: "Construction time of plant takes several years and manufacturers thought that, as always happened in the past, the market would gradually catch up with capacity. In fact, 1975 was the first year in the history of the petrochemical industry that an actual decline in demand occurred in the EEC for its products."

So why, in view of all this, are companies still investing in more capacity? The report suggests a variety of reasons. Countries, such as the U.K., which have their own oil and gas resources, consider they should upgrade and add value to these valuable feedstocks. Countries around the EEC wish to be self-sufficient in petrochemicals, even though some do not have a big enough market to absorb the production of one giant ethylene plant.

Eastern bloc countries with balance of payments problems view petrochemicals as a way of gaining more hard currency, and are less concerned about fully covering their costs. "This leads sometimes to absurdities," says Eurofinance, "such as the recent export of Hungarian propylene to the Netherlands. The real freight cost was estimated at more than 50 per cent. of the value of the material." And some EEC manufacturers are busy building a strategic position for the moment when the market ultimately takes off.

Unprofitable

It many cases, prices in the European Community have fallen to unprofitable levels and are far lower than they have been in the U.S., where there is a more cohesive market. As Eurofinance points out, some plants in the EEC are being kept open for reasons other than manufacturing. "Several EEC economies are not free economies. Political considerations prevent closure of plants. The fittest survive, but so do the weakest because they are supported. Fibre activities in companies such as Rhone Poulenc (in France) and Montedison, (in Italy) have had heavy support from other activities in the companies for several years."

So the future for the industry looks bleak. Restructuring may provide some relief, says Eurofinance, but industrial concentration will provide only a very limited answer. The only long-term solution it can see lies in regulation of the market, and it takes its lead from moves that have already been made in the Community steel and synthetic fibres industries.

The multinational chemical companies operating in the EEC, both European and U.S., are unlikely to cheer such a conclusion but it is guaranteed to make them think long and hard. In the meantime, the attitude of Eurofinance, at least, is clear. "If one concludes that such a market regulation is unavoidable, then those who are smart will have to come to the conclusion that the greatest contribution to their future profitability is two-fold." They will have to think deeply what course regulation should take and how quickly it could be applied.

New Petrochemical Study 1978, available from July, from Eurofinance, 9 Avenue Hoche, 75008 Paris.

How a new £25m. plastics plant took a Shelling

DESPITE THE chronic surplus of plant in many sectors of the petrochemicals industry—units are often operating at only 60 to 70 per cent. of capacity—companies are still investing in expansion. The decisions are only taken after many months, and sometimes years, of uneasy deliberation, but once made they quickly become irreversible. A typical example is the decision taken by Shell Chemicals U.K. to build a second plastics plant at its Carrington site, near Manchester. Construction began in late 1976, and the plant is due on stream in 1980, but the company's subsequent heart-searching about the wisdom of the move illustrates clearly the troubles and uncertainties that are overtaking the industry.

Mr. Michael Pocock, chairman of Shell Transport and Trading, in front of his new problem plastics plant.

According to Mr. Michael Pocock, chairman of Shell Transport and Trading, SCUK's parent company, this sort of project takes at least five years from the original idea to the start-up of the plant.

In the mid-1970s Shell started to look at the possibility of building a £25m. low density polyethylene plant at Carrington. Low density polyethylene is an established plastic with a mature market in packaging, the sheets and bags seen in supermarkets, and in mouldings of various sorts such as plastic buckets. Manufacture is complex and it is a very competitive market.

Shell Chemicals U.K. makes its own investment plans, but within the framework of the Shell Group's worldwide chemicals strategy. It also takes account of broader planning scenarios, which describe the Shell group's view of economic growth and world trade

When evaluating capital investment projects, SCUK uses a directional policy matrix, Mr. Pocock told a recent meeting of the London Chamber of Commerce. This matrix tries to show, on two axes, first, the profit potential of the product itself and, secondly, the relative strengths and weaknesses of Shell in the product. "For low density polyethylene the profit opportunities in the U.K. look average," says Mr. Pocock, "not wonderful, not depressing, but average. It's a mature product, not very vulnerable to substitution. The growth when this evaluation was made was projected at about 6 per cent. per annum, in other words, two points above GNP. There was 25 per cent. plant over-capacity in Europe but transportation costs are significant so imports were not looked upon as very frightening.

"For Shell's own position on the other axis, our competitive strength was also considered average. We have 15 per cent. of the U.K. market, way behind ICI, about equal with Union Carbide, we have good technology and manufacturing capability, and our manufacturing cost is quite competitive world-wide."

The outlook for the project at this stage was deemed to be average: Shell's jargon description was "custodial," which meant it was good enough to keep under review, at least.

The supply/demand balance was the evaluation and the known intentions of competitors taken into account. Shell felt that by 1980 there would be room in the U.K. for a good-sized plant—in this case 70,000 tons a year in a U.K. market of 500,000 tons—and that it had the opportunity to fill this gap before another competitor. The calculations all involved a growth in the plastics market of about 6 per cent. a year.

Shell then began to judge the project's profitability, taking into account the inflation of capital costs during building, the environmental cost, toxicology, possible delays in getting planning permission, and potential construction difficulties.

"It was clear from our studies that the crucial element was the expected polyethylene price in 1980, as against some £310 per ton at the time the evaluation was made." The planning team judged that something like £400 per ton in 1980 was in the likely range, but when that figure was put into the computer model the discounted cashflow calculations showed that at that price the project would not meet Shell's required return on investment. The company's minimum test rate was a return of 8 per cent. after tax in real terms with inflation discounted.

Clinchers

To get the necessary rate of return a price of more like £450 per ton was needed in 1980. The planners took a deep breath, they evaluated the risks, they looked at the sensitivities of "what if": what if the price was only £400: what if the build-up was one year late; what would be the effect on earning power and pay-out? says Mr. Pocock. "It still looked dicey."

But at this point along came the clinchers, in the form of an accelerated investment grant from the Department of Industry, a 20 per cent. grant worth £4.8m.

"What we decided was: all right, it looks marginal but the expansion is needed some time. Let's do it now with the advantage of the grant, which makes the investment immediately attractive; let's do it quickly, to beat a competitor to the punch, and let's build anti-cyclically."

Two years later is Shell happy with the decision? The answer plainly is, no. According to Mr. Pocock: "Things have changed pretty drastically. First of all, the economic scenario we were thinking about at that time was 'convalescence,' you assume that the patient gets back to normal health—a normal growth rate. I think now if we were describing our most likely scenario for the next few years, for Britain and for Europe, we would call it 'mature resignation.' Shell is looking at a growth rate in Britain of less than 3 per cent. GDP, with plastics growing nearer 4 per cent. per annum rather than the 6 per cent. assumed for the Carrington project."

As for polyethylene prices, at about £360 a ton they are far below Shell's 1980 target of £450, and only slightly above the level prevailing three years ago, when the evaluations were made.

"Petrochemicals in Europe is in a very sorry state—and certainly in plastics the industry is losing money heavily. Brussels is worried, they are searching around for remedies for this new industrial crisis. Such is the environment into which our plant will be born."

Business Courses

Training for participation, Brunel University, Middlesex. June 15-16. Fee: £120. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex.

The Business of Advertising, Barcelona, Spain. June 14-17. Fee: Sw.Frs.745. Details from ESOMAR Central Secretariat, Raadhuisstraat 15, Amsterdam, The Netherlands. (020)-22-86-68.

The Export Sales Executives' Course, The College of Management, Dunchurch, Warwickshire. June 5-16. Fee: £585 plus VAT. Details from The College of Management, Dunchurch, Rugby, Warwickshire.

International Treasury Management, Royal Garden Hotel, London. June 5-6. Fee: $325. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2.

LOMBARD

A lesson on priorities

BY WILLIAM DULLFORCE

THE NORWEGIANS might be excused for regarding economists with a jaundiced eye. The belt-tightening revision of the country's long-term programme released recently by the Government represents a remarkable about-turn and an implicit confession of inadequacy by the professionals who run the Norwegian economy.

In very few other countries do economists exercise such influence both at political and civil service levels. But if they do nothing else, the Norwegians' current problems underline the limits of economic planning.

The 4m. Norwegians are living a paradox. Offshore they possess (and have been developing for nearly a decade) hydrocarbon resources which in per capita terms are far greater than those of the U.K. Now, after five years of income growth among the highest in Western Europe, they have been told they have an ailing economy and must accept cuts in consumption and income.

Last year they ran up a payments deficit corresponding to 14 per cent. of the GNP and in absolute figures second only to that of the U.S. in the OECD area. By the end of this year the foreign debt will be more than Kr.100bn. ($20bn.), equivalent to about half GNP. It may well grow to Kr.150bn. before the oil revenue is large enough to allow for repayment.

Last year's figures also exploded the fiction that the foreign loans were going almost entirely to oil development and ships. The so-called "mainland" economy accounted for about a third of net borrowing.

Too costly

The Norwegian economists can claim that they are the victims of twin circumstances: the unexpected prolongation of the recession and over-optimistic forecasts by oil company engineers of the speed at which oil and gas could be extracted from the North Sea. But the linchpin of their domestic economic policy—the annual comprehensive wage settlement embracing Government fiscal measures, employers, unions, State employees and farmers—which has been operated since 1974, has clearly been too costly.

This comprehensive formula, based on the econometric models developed by Mr. Per Kleppe, the Finance Minister, represents the culmination of Norwegian economic planning.

The economists' influence dates back to Ragnar Frisch, Professor at Oslo University between the wars. He was a powerful personality who was sceptical about the mechanism of the free market. He stressed the quantification aspects of economics and believed that these, exercised as a practical applied discipline, could do away with "three-quarters of the political struggle."

His students have since permeated not only the Norwegian Labour Party, but even the political opposition, in addition to occupying a majority of senior civil service posts. As early as 1946 Mr. C. J. Hambro, the Conservative Party leader, complained of the "swarm of young, intelligent economists let loose on a defenceless society."

Let down

Professor Frisch's economists have given a remarkable cohesion to Norwegian economic thinking. But it is fair to say that Norway's present economic crisis—temporary as it may be—exposes the danger of relying too heavily on the professionals, who work with econometric models, ignore more diffuse indicators and eschew value judgments.

They react too late when their models let them down, and concentration on macro-economics leads to neglect of the interest of business.

Norway's oil depletion policy was based originally on what seemed to be a sensible decision to preserve a valuable, wasting asset and to forestall dislocation of a small economy by a sudden influx of wealth. This policy has been confused by environmental interests, concern for the fishing industry and social factors such as opposition to imported labour.

While paying lip service to the need to use oil income to restructure mainland industry, the Government failed in the past three years to develop a coherent policy. It concentrated on maintaining employment in existing industry, such as shipbuilding, and left other private industry in a limbo.

It has sidestepped the issue of energy policy, over which it must tangle with environmental interests and again make value judgments.

The Norwegian Labour Party is pragmatic by tradition. Three other Cabinet members have now joined Mr. Kleppe in revising economic and budget policy. The present crisis appears to be jolting the Norwegians into taking the political decisions they have so far shirked and which must come before the economic planning and steering. They offer a lesson in priorities.

Tasting the 1967 first-growth clarets

WINE

BY EDMUND PENNING ROWSELL

REGULAR READERS of this column may recall accounts of tastings of the first-growth clarets of good vintages when they have passed the initial decade generally reckoned in Bordeaux to be necesary before fine clarets can fairly be assessed. So it was now the turn of the 1967s.

This has never been considered a front-rank vintage. After a very hot dry summer the weather broke just before the vintage, which began about September 25. On the whole, however, the weather was fine until the end of the picking, and the crop was exceptionally large for the period, the biggest so far in the post-war years, though later surpassed by the huge crops in the seventies. The total of appellation contrôlée red bordeaux was 1.5m. hl.

Opening prices

The large size of the crop was reflected in the opening prices of the first-growths: generally the same or lower than for the '66s. Lafite and Mouton-Rothschild (not officially a premier cru until 1973) offered their wines at the '66 price of Frs.27,000 a tonneau (roughly £2,000 for 96 dozen bottles, ex-château), but Pétrus (Frs.20,000), Latour (Frs.19,000), Haut?Brion (Frs.17,000), and Margaux (Frs.15,300) were all Frs.3,000 to Frs.5,000 lower, and only Cheval-Blanc at around Frs.20,000 was slightly higher. The subsequent opening retail prices here were no more than £40-£50 a case.

It has generally been considered that in 1967 the St-Emilions and Pomerols were more successful than the Médocs. Accordingly, unlike for the tasting a year ago of the 1966s, restricted to the four Médocs leaders and Haut-Brion, this time Cheval-Blanc and Pétrus were included. Moreover in order to "play in" the tasters' palates, a second-growth, Ducru-Beaucaillou, of the same vintage was introduced as a sort of superior "*rince-bouche*." It must be said that this "mouthwash" did not show very well, being rather lacking in fruit and body—but it was not the only one of the evening.

As previously, the tasting took place in the course of a leisurely dinner, as wine is best judged in the company of food. The party of six—the maximum number for the serious consideration of a single bottle of a wine—included two Masters of Wine and their wives, scarcely less experienced than their spouses in tasting wine. So, with my wife, we had three men and three women, with rather interesting variations in the results. Female wine tasters may be less label-conscious than males!

The marking on such occasions presents some difficulties. A common form is from 1 to 20, the later figure being at the top. In practice, however, this seldom produces any markings below double figures. Last autumn in Bordeaux at a tasting of a single château's wines I marked the very disappointing '64 down as 3 or 4, only to find that a distinguished expert had awarded the wine 13! In any case, such a wide range allows too much subjective variation, making nonsense of any final score; and on this occasion we marked from 1 to 7. This produced a general consensus on the quality of the seven wines, though some differences in the scoring.

The order of tasting was agreed with the Masters of Wine, and the wines, decanted upwards of an hour previously were served in pairs. Here then are my notes, made at the table, but refreshed with the comments of others.

Margaux. Good colour and very nice nose. A light wine, elegant, fairly well-balanced, but with little behind it, and with a dry finish. Rather better than I personally had expected.

Lafite. The lightest colour of the seven. I found the bouquet lacking, but it did devolp in the glass, and one of the other male tasters found it the most interesting of all, but one of the female tasters though it had a "vegetable" nose. Rather fuller than the Margaux, and with some style, but lacking body; dull. Nothing to support the nose, said one Master of Wine.

Mouton-Rothschild. Good deep colour and typical full Mouton nose. The flavour did not come up to the aroma, nor develop in the glass, and so was disappointing. Other comments on this were "uncharacteritic," "short," "shallow" and "lacked finish."

Haut-Brion. Good colour and fine nose. Typical Graves aroma and flavour. A well-balanced, easy-to-drink claret. Richest wine yet, said another; agreeable with long finish. After three rather unexciting wines, this seemed particularly grateful, and the women tasters were especially appreciative, as shown later in their marking.

Cheval-Blanc. I found slightly brown tinge in the colour, but another taster thought the colour fuller than expected. (Both St-Emilions and Pomerols tend to tawniness as they age.) The nose to me was distinctly sweet, to another of the party it was "creamy," to a third "citrus." There was some difference of opinion here, for while I found the wine soft, sweet, with a slight taste of added sugar (chaptalisation), another thought it rather dried up on the palate. The women tasters liked it, as fairly fruity.

Latour. The deepest colour of all, with a big aroma. "Huge peppery nose," said one. As to be expected, the wine was much more backward than the others, but, equally, had more prospects for the future. "A chunky four-square wine that will develop" was one comment; rather "carthorsy," I thought, but it certainly had more to it than the others.

Pétrus. Again a big colour, with true, rich Pomerol nose. Fairly full flavour, lacked the deep, concentrated taste of a fine Pomerol, but a very agreeable glass of wine. This was the general view, and it was thought to be well-made "with some of the velvety quality of a good Pétrus."

After this quite arduous exercise, involving re-tasting from replenished glasses, the votes were collated. The three male tasters placed Pétrus first, with Haut-Brion and Latour bracketed second. The female "team's" first three were Haut-Brion, Pétrus and Cheval Blanc. The overall order, with marks, was as follows: Haut-Brion (34), Pétrus (33), Cheval-Blanc (28½), Latour (24½), Margaux (18½), Mouton-Rothschild (17½) and Lafite (13½). It will be observed that by and large the Médocs were judged less successful than the representatives of the other districts.

I was present at a similar blind tasting in Bordeaux October, in the cellars of Du[...] the Bordeaux firm associated [...] Jean-Pierre Moueix of Libou[rne]. There were ten tasters, in[clud]ing representatives of all [...] leading brokers. The voting [...] in the reverse order to [...] tasting, that is, 8—1 (Ausone also shown), with the orde[r of] preference counted. The r[esult] was Latour (27), Pétrus ([...]), Cheval-Blanc (29), Haut-B[rion] (31), Mouton-Rothschild ([...]), Lafite (60), Margaux ([...]), Ausone (73). In Bord[eaux] Latour was rated higher, H[aut-] Brion lower, but there [were] similarities of pattern, [...] marked disappointment [...] three of the leading Médocs.

Good year

Nevertheless the usual ca[veat] on such occasions must [be] entered. Our recent tasting t[ook] account of one bottle apiece [of] each wine at one single din[ner]. All seemed in good condit[ion] but are likely to change o[ver] the years, and taken individu[ally] they may well shine m[ore] brightly. Ninteen sixty-se[ven] was a good but not great y[ear], starting attractively but, as [one] of the Masters of Wine s[aid], "lacking the substance to s[up]port old age." They should [be] drunk while enjoyable, and t[his] applies even more so furt[her] down the Bordeaux social sc[ale].

Soldiers Point may surprise

RACING

BY DOMINIC WIGAN

IT SEEMS doubtful if to-day's Ladbroke Blue Riband Trial Stakes at Epsom will shed much light on the Derby picture, for although it has attracted nine runners, including representatives from the O'Brien, Hern, Hills, Walwyn and Price stables, the field appears somewhat second-rate.

A year ago O'Brien and Piggott teamed up to land the spoils with Be My Guest, an easy winner over Saros, and this time Coriander will probably go to the post a clear favourite to repeat the performance.

Although this Forli colt is entitled to respect following two smart autumn efforts, which included a dead-heat for second place with Camden Town behind Derrylin in Ascot's Clarence House Stakes, I would rather take a chance with Ian Balding's Soldiers Point, another Derby hope for Mr. Paul Mellon.

This compact son of Mill Reef, who won the 1971 classic for Mr. Mellon, never quite fulfilled early promise last season after accounting for the more experienced Headingham Boy at Lingfield. However, he has been encouraging his trainer to think that he is back to his best, and if he can improve a few lbs on his recent running at Doncaster, where he appeared just in need of the outing, Soldiers Point could cause an upset.

Even if they do not land the feature event with Soldiers Point, Balding and stable jockey John Matthias should not leave the course empty-handed, for Be Better looks the ready-made winner of the closing event, the Bunbury Stakes, following her half-length defeat at the hands of Rhineland on Brocklesby Stakes day.

Exdirectory, whose Derby odds were clipped from 33-1 to 16-1 by Ladbrokes following a fluent victory in Saturday's 1¼-mile Ballymoss Stakes at The Curragh, will have his next outing in the BMW-sponsored Nijinsky stakes at Leopardstown in ten days' time.

The Paddy Prendergast-trained Ballymore colt, who runs in the colours of Mrs. Jim Mullion, won his only race as a juvenile, and if he retains his unbeaten record in the Nijinsky stakes there is little doubt that he will go to Epsom a well-fancied challenger to give his popular trainer a first-ever Blue Riband.

At present Try My Best dominates the Derby picture with a top quote of 5-2, and is followed in the betting by Admiral's Launch (12-1), and Sexton Blake, Exdirectory and Julio Mariner (all at 16-1).

SELECTIONS

EPSOM
2.00—Follow My Star
2.30—Dubois
3.05—Snow-Star
3.35—Soldiers Point***
4.10—Albert Hall
4.45—Be Better**

CHEPSTOW
2.15—Stout Fellow
3.15—Suncharmer
3.45—Court Leet

NOTTINGHAM
2.00—Darlinga*
2.30—Star Sense
5.00—Cavo Rico

ENTERTAINMENT GUIDE

C.C.—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.38 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Trem. 3.53 Regional News for England (except London). 3.55 Play School. †4.20 Champion the Wonder Horse. 4.45 Goober and the Ghost Chasers. 5.05 John Craven's Newsround. 5.10 Stopwatch.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.50 The Feather and Father Gang
7.40 It Ain't Half Hot Mum
8.10 The Standard
9.00 News
9.25 Play for To-day
11.05 To-night
11.45 Parents and School
12.10 a.m. Weather / Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 p.m. Wales To-day. 6.50 Heddiw. 7.15 Teithi'r Tir (cyfres). 7.45-8.10 Tomorrow's World. 12.10 a.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 7.40-8.10 The Good Life. 11.45 History is my Witness. 12.20 a.m. News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University
10.20 On Union Business
11.00 Play School
2.15 p.m. Other People's Children
2.30 Having a Baby
3.30 The Living City
4.55 Open University
7.00 News on 2 Headlines
7.05 On the Rocks
7.30 Newsday
8.10 Chronicle
9.00 Rhoda
9.25 The Man Alive Report
10.15 Living on the Land
10.40 Late News on 2
10.50 Snooker: Embassy World Professional Snooker Championship
11.40-11.50 Closedown: Georgine Anderson reads 'Throwing a Tree' by Thomas Hardy

LONDON

9.30 a.m. Schools Programmes. 11.55 Beany and Cecil Cartoons. 12.00 Paperplay. 12.10 p.m. Pipkins. 12.30 Parent's Day. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Epsom. 4.20 Runaround. 4.45 Magpie. 5.10 Sportscene.

5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 The Six Million Dollar Man
8.00 Rising Damp
8.30 Armchair Thriller
9.00 ITV Playhouse
10.00 News
†10.30 "The Gun of Zangara" starring Robert Stack
12.20 a.m. Close: Gillian Bailey reads a poem for Save the Children Week.

All IBA Regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.00 Challenge of the Sexes. 7.30 Get Some In! 10.30 Quincy. 12.20 a.m. Christians in Action.

ATV

1.20 p.m. ATV Newsdesk. 5.15 Laverne and Shirley. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Midland Footballer of the Year. 11.00 Marcus Welby MD.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Get Some In! 10.30 Late Film: "Inside Daisy Clover," starring Natalie Wood and Christopher Plummer. †12.25 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 5.15 The Flintstones. 6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Charlie's Angels. 10.28 Channel Late News. 10.30 The Streets of San Francisco. 11.30 Man and Woman. 12.00 Oscar Peterson presents . . Count Basie. 12.30 a.m. Commentaires et Prevision Meteorologiques.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 5.15 Challenge of the Sexes. 6.00 Grampian Today. 6.05 Country Focus. 7.00 Emergency. 10.30 The Streets of San Francisco. 11.30 Man and Woman. 12.00 Reflections. 12.05 a.m. Night Gallery.

GRANADA

1.20 p.m. This Is Your Right. 3.10 This Is Your Right (repeat). 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Bionic Woman. 10.30 Baretta. 11.30 Man and Woman. 12.00 Drive-In.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Popeye. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.30 "Firehouse" starring Vince Edwards and Richard Roundtree.

HTV Cymru/Wales — As HTV general service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Seren Wib. 6.00-6.15 Y Dydd. 10.30 Yn Ddeg Oed. 11.15 World in Action. 11.45-12.15 a.m. Happy Days.

HTV West—As HTV general service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 Get Some In! 10.30 Bowling—The Scotsport Troph. 11.35 Late Call.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 4.20 Runaround. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day including Southsport. 7.00 Emmerdale Farm. 7.30 Get Some In! 10.30 "Death Stalk" starring Vince Edwards. 11.55 Southern News Extra. 12.05 a.m. Drive-In.

TYNE TEES

9.25 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 5.15 Friends of Man. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Get Some In! 12.00 Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 5.15 Friends of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 7.30 Get Some In! 10.30 Streets of San Francisco. 11.30 Gardening Day. 12.00 Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 The Flintstones. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Charlie's Angels. 10.28 Westward Late News. 10.30 The Streets of San Francisco. 11.30 Man and Woman. 12.00 Oscar Peterson presents . . . Count Basie. 12.30 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.15 Challenge of the Sexes. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Get Some In! 10.30 The New Avengers. 11.30 Drive-In.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett, including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 Newsbeat. 7.30 On The Third Beat (S) (joins Radio 2). 8.02 As VHF. 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 8.02 Nordring Rendevous (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore with The Early Show (S), including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and Racing from Epsom. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 On The Third Beat (S). 8.02 Sport on 2 Special. 9.55 Sports Desk. 10.02 Three in a Row. 10.30 It's a Funny Business says Dora Bryan. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

‡6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Obrecht and De La Rue (S). 10.00 Salinen. Symphony No. 3 (S). 10.30 Piano Recital (S). 11.20 Vienna Wind Quintet (S). 12.05 p.m. Midday Concert part 1: Purcell, Vaughan Williams (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Midday Concert part 2: Dvorak (S). 2.00 Gabrieli String Quartet part 1: Haydn, Alwyn (S). 2.45 Interval Reading. 2.50 Gabrieli String Quartet, part 2: Beethoven. 3.35 A Little Light Music (S). 4.30 Violin and Piano recital (S). 5.15 Jazz Today (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Work and Training. 7.30 City of Birmingham Symphony Orchestra part 1: Mendelssohn, Bruch (S). 8.05 Finding a Voice with Patricia Beer. 8.25 City of Birmingham Symphony Orchestra part 2: Berlioz (S). 9.25 The Ring and the Book. 10.15 Haydn and Beethoven piano recital (S). 11.00 Finnish Radio Symphony Orchestra (S). 11.25 News. 11.30-11.35 Tonight's Schubert Song.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued) including Thought for the Day. 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Heroes for a Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 p.m. You and Yours. 12.20 Desert Island Discs. 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questions to the Prime Minister "live" from the House of Commons. 3.35 Money Box. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 City of Birmingham Symphony Orchestra (S) (as Radio 3). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Not Now, I'm Listening Again. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Noughts and Crosses. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.00 Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

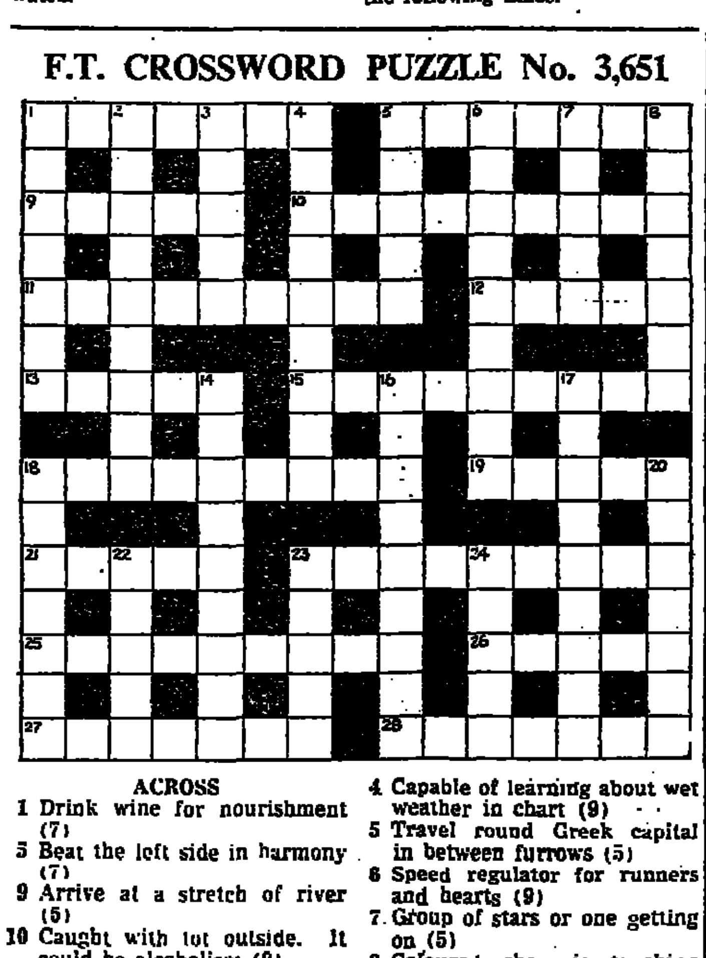
5.00 a.m. Morning Music. 6.00 A.M. non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 o'clock Call. 8.00 After 8—with Ian Gilchrist. 9.00 Nightline. 1.00-5.00 a.m. Night Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today including Prime Minister's Question Time (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

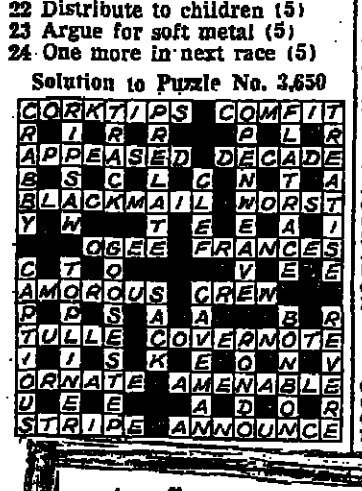
F.T. CROSSWORD PUZZLE No. 3,651



ACROSS
1 Drink wine for nourishment (7)
5 Beat the left side in harmony (7)
9 Arrive at a stretch of river (5)
10 Caught with tot outside. It could be alcoholism (9)
11 Left on farmhouse at a good distance (4-5)
12 Cut things fine but walk affectedly (5)
13 Rigid body (5)
15 Get away quickly for a meal (9)
18 Some French start working for postponement (9)
19 Gathering regret going round church (5)
21 Copying a silver-plated fastener (5)
23 The cost of carrying beer before time (9)
25 Will tame Pole appear in trial? (9)
26 Feline found in plant I germinated (5)
27 Finish in Eastern Mediterranean to be corrected (7)
28 Show about everybody being superficial (7)

DOWN
1 What's left over—it's on more in France (7)
2 One who accuses in outspoken row (9)
3 Different article in gold (5)
4 Capable of learning about wet weather in chart (9)
5 Travel round Greek capital in between furrows (5)
6 Speed regulator for runners and hearts (9)
7 Group of stars or one getting on (5)
8 Coloured chap is touching without passing through (7)
14 Sack watchman seen on hearth (9)
16 Write down it is inflammatory (9)
17 Divine spirit in port (9)
18 Recruit from raft in river (7)
20 Observe 5 down, it's raised in surprise (7)
22 Distribute to children (5)
23 Argue for soft metal (5)
24 One more in next race (5)

Solution to Puzzle No. 3,650



nglish Portraits

Faces from the past

by Dr. ROY STRONG, Director of the Victoria and Albert Museum

One of the more gruesome ...es awaiting those who chair ...ards, direct companies, hold ...gh political office or preside ...er ancient and venerable ...stitutions, ecclesiastical or lay, ...that sooner or later they have ...sit for their portrait. This ...ce pleasurable part of official ...fe has sadly in our own age ...veloped into a radical embar...ssment. No wonder Britain is ...the doldrums. There was no ...ch self-effacement in the past. ...ristocrats, industrialists, poets, ...liticians, writers, clerics, ...asters of colleges, all exhibited ...emselves unblushingly. Their ...ide in self-achievement and ...ngratulation knew no bounds. ...ey peer down at us shrouded ...robes and surrounded by ...tributes of office; they gesture

Dr. Roy Strong will be writing about art every month in the Financial Times. He is the Director of the Victoria and Albert Museum, having previously held the same post at the National Portrait Gallery. He is an authority on British portrait painting of the sixteenth and seventeenth centuries.

...nhesitatingly towards the great ...ouse or garden they have ...eated, towards the works of ...t they have collected, or the ...ans or charter which embodies ...e fulfilment of their life's ...pirations. No dreary little ...ead and shoulders in a ...rumpled grey suit for them. A ...ortrait was more than an ...pologetic likeness; it was a ...hopping celebration of achieve...ent, an exhibition of the power ...f human personality, a state...ent of confidence in the future. ...nd now it's all gone.

All this came vividly to mind ...hen I went to Agnew's delight...ul mélange of *Three Centuries of British Painting*. The portraits ...athered there pin-point all those ...ualities which made this ...ountry, up until the present ...entury, the most face-obsessed ...rt in Western Europe. In ...ritish art, faces come first and ...orses second; all other subject ...atter trailing miles behind. ...nce we used to be apologetic ...bout this and it is only with ...he opening up of the serious ...udy of our own art, prompted ...bove all by the formation of the ...ellon collection, that we have ...earnt otherwise. Where else, ...r instance, in Europe in the ...econd quarter of the 18th ...entury would one find a more ...nchanting painter than Devis, ...ho makes the prettiest picture ...ut of having to paint two very ...lain sisters. Undeterred by ...at he depicts them in gorgeous ...ink and blue dresses, plucking ...oneysuckle in a sylvan glade ...igh above their house which ...ts on the River Wye, wending ...s peaceful way in the distance. ...he small full-length conversa...on piece is that most English ...f creations, an expression of ...ride in possession and delight ...n the natural world, which ...tems right down to to-day in ...laude Harrison's groups of ...weedy couples with their be...eaned offspring grouped before ...he rectory.

We have never fallen out of ...ve with the eighteenth century ...ut we have only recently re...arned to read the art of the ...udor age. Robert Peake's ...parkling unknown lady is a ...ttle jewel of early portraiture, ...ender in its characterisation and ...harming in its response to the ...attern of jewels, lace, pearls ...nd spangles which make up the dress. No such feelings of affection are awakened in us by the late seventeenth century which has been out for almost too long. Lely's "Sir Ralph Bankes," builder of Kingston Lacy, is a first rate instance of just how good a painter this artist at his best can be, but it is difficult for us to get any lasting joy out of this accumulation of swathed draperies, mushy landscape and lugubrious dog. Fashions in taste are, after all, essentially associated with identity and we buy portraits, if they are not ancestors, as mirror images of our own ideal selves. So in the case of the Agnews exhibition there is no empathy for the world of the Restoration. We feel instead an immediate warmth towards other portraits there by Hudson, Northcote or Hoppner, which are actually far less good as paintings, because they present us with the arcadian ideals of the English gentleman and his appurtenances.

'The Misses Clarke in a Landscape' by Arthur Devis

Two which adhere to these ideals and which not only stand up to but match and surpass the Lely are the Gainsborough and Ben Marshall. Skiff with his owner John Howes standing on Newmarket Heath epitomises the civilisation of the horse, infinitely more beautiful than either groom or owner who stand hesitantly by in attendance. There is always something about Marshall's technique which gives the onlooker a visual jolt, the deliberate use of almost startling colour plus the trick of sharply defining the foreground and letting the distance retreat into a golden haze. Although the Gainsborough by tradition represents a member of the Abdy family it is in fact one of his genre paintings, a "fancy-picture," of "A Peasant Girl Gathering Faggots in a Wood." In its sensuous rendering of the little girl's features and the extreme decolleté of her dress it confirms one's worst suspicions about the artist. This particular little girl is at the fount of taste which leads down via Lewis Carroll's Alice to Shirley Temple.

The exhibition of Bryan Organ's latest paintings at the Redfern Gallery continues the portrait story down to the present. I must confess to being prejudiced about his work because he once painted a huge canvas of me standing wistfully before a picture of beruffed Jacobean worthies who turned their ghost-like heads towards the spectator. Although he has a penchant for painting names (a vice of all portrait painters headed by Sutherland), I really rate his portrait of Sir Rex Richards as a distinguished addition to the walls of any Oxford college. It is crisp and alert, the sitter swings into communicative encounter so that we almost sense the wit and wisdom about to be uttered. The combination of photographic realism grafted on to abstract form, which is the essence of Organ's portrait formula, is here very successful. One now waits for him to develop this by progressing towards a more painterly style thus avoiding the incipient graphics that his present manner could lead to.

In respect of portraiture the present resurgence of realist and ultra-realist tendencies in painting have removed the stigma which used wrongly to be attached to face-making as an inferior form of art. The latter could never satisfactorily go abstract. When it did the result was unrecognisable and recognition, pleasurable or otherwise, is the essential ingredient of the portrait. As we move into a period in which the explosion in the visual vocabulary of the painted since the beginning of the century becomes a series of alternatives rather than ultimatums the ground could be prepared for a renaissance of the portrait.

Marseille Opera House

Cyrano de Bergerac

by CLEMENT CRISP

The historical figure of Cyrano—poet, fighter, wit—and Rostand's extension of his character into an heroic lover, tragic because of his grotesque nose, are united in Roland Petit's two-act *Cyrano de Bergerac*, which was given a new production by the Ballets de Marseille last Friday. It is a portrait all the more persuasive because taken on that occasion by Denys Ganio. Ganio combines physical bravura with a sensibility rare among danseurs to-day—and the fact that the Marseille troupe is also to field another Cyrano in the darker, more brooding person of Rudy Bryans is some testimony to the artistic strength of Petit's company. The ballet is not new. It was created in Paris in 1959, and seen shortly after in London with Petit himself as Cyrano; for this revival, though, the staging seems to me to have been somewhat rethought.

It starts with the advantage of new design by Ezio Frigerio. The stage is boxed in by natural wood planking—Frigerio's ability to make dramatic capital from monochrome shades will be remembered from his superb barracks façade in the Marseille/Petit *Coppélia*—and these panels can be adjusted, lowered, or so disposed as to provide a variety of locales: a theatre, an inn, with catwalks to furnish different levels for the action. In particular it opens out for the scene at the siege of Arras to reveal a blood-red sky, against which the silhouettes of the fighting men are powerfully placed. The addition of beams, or of skeletal architectural pieces, provide other necessary changes of setting with speed and that special poetic awareness that has ever characterised design for Petit's ballets. (The balcony scene is given in a set of bare boards and is brilliantly effective.)

Petit's *Cyrano* is a panorama of events against which the hero's tale can be told, in manner not too unlike the procedures of Grigorovich's and MacMillan's historical ballets. As usual with Petit, it is sustained by a tremendous sense of theatre: the opening scene at the Hotel de Bourgogne shows the start of a play with an attendant lighting a candelabra, and at once the attention is gripped. The action thereafter moves with commendable speed. The central argument—Cyrano's love for Roxane; her love for Christian; Cyrano's willingness to provide the letters and emotions with which Christian can win Roxane, and which are his own declarations of love—is played out against the larger canvas of the wars of religion. Intimate moments, such as the touching balcony trio in which Christian's passion is expressed in Cyrano's words, are placed against the campaign ardours which establish Cyrano's identity as a soldier. If the choreography lacks something in largeness of impulse for the military scenes, its compensation is the skill with which Petit evokes the atmosphere of the drama: a fight at the Porte de Nesles is played along and over an architectural structure rather like a huge pediment—the effect is daring and authentically dangerous; the return of the wounded from war is a Callot engraving come to life.

Denys Ganio

There is only one passage in the work which I find puzzling. This is a scene in a kitchen that Petit has cast as the statutory 19th-century divertissement, with Cyrano obliged to watch a display of arch classical numbers (they include a pistachio ice in a tutu; four girls as pheasants; a quartet of diminutive boys, feet resolutely unpointed, as scullions). It drastically relaxes the dramatic tension of the ballet, and takes us from the dance theatre in the Folies Bergère.

Elsewhere Petit has made a serious transfer of a literary masterpiece to the stage, and supremely he takes us to the heart of Cyrano as a character. Denys Ganio's performance strikes me as ideal. His lightness and verve as a technician, an audacity and quickness of step, exactly match the qualities of Cyrano. And underneath the braggadocio and the charm we are shown the romantic idealism that the grotesque nose nearly hides. In the more conventional *jeune premier* role of Christian, Jean-Charles Gil makes a very good showing; but I was less persuaded of the rightness of Dominique Khalfouni as Roxane. Khalfouni, an *étoile* of the Paris Opéra, lacks nothing in brilliance or distinction of manner, as I noted of her recent Juliet in Paris. But at this first performance, the qualities that make Roxane so attractive to Cyrano seem hardly manifest: she is beautiful yet somehow blank, and something of the ballet's heart is lost thereby.

Ultimately, I suppose one's reception of this *Cyrano* depends upon how much one loves the Rostand original. Petit has not cheated in the transfer to the ballet stage, because his Cyrano and Rostand's (and, I would add, Ganio's) are recognisably the same thrilling creation. Lacking the Petipa/Lavrovsky or Petipa/Ashton background that has sustained the development of the big ballet in Russia and Britain, Petit sometimes offers theatrical rather than dance solutions to crises of narrative, and even of emotion: the farewell between Roxane and Cyrano is played beneath a huge practical tree which dutifully sheds sad leaves (of the wrong *genus*) as Cyrano breathes his last; at moments mimetic and static rather than dynamic excitement grips the attention. But *Cyrano* is, at its best, touching and consistently beautiful to look at, thanks to Frigerio's sets and Franca Squarciapino's costumes. And the Ballets de Marseille's identity as a major European company is further strengthened by the staging.

Music festival of remembrance

The musical world's obsession with anniversaries is reflected in the wide range of delights offered by the King's Lynn Festival (July 21-29).

Vivaldi's birth 300 years ago will be marked by two concerts by the Academy of Ancient Music. On July 25 the Academy will be directed by Christopher Hogwood, with Stephen Preston the soloist in four Vivaldi flute concertos.

On July 28 the Academy and the Choir of Christ Church, Oxford, will be conducted by Simon Preston in performances of Vivaldi's *Gloria* and Haydn's *Great Organ Mass*.

Three concerts will commemorate the 150th anniversary of Schubert's death. The Hallé, under James Loughran, will give the Symphony No. 9 in C, *The Great* on July 29 and Peter Knapp will devote the first half of his July 23 recital to Schubert lieder.

The Songmaker's Almanac on July 27 will examine the follies of innocence and experience as described in songs by Schubert, Rossini, Mozart and Wolf.

The 50th anniversary of Janaček's death has lead Contrapuncti to include his *Concertino* in its programme on July 25 with Ravel's *Introduction and Allegro*, Stravinsky's *The Soldier's Tale* and Martinů's jazz suite *La Revue de Cuisine*.

The festival opens on July 21 with the Mexican conductor Eduardo Mata conducting the London Symphony Orchestra in Carlos Chavez's *Chaconne on a theme of Buxtehude* and the following night the King's Singers will include Stanley Glassers *Lalela Zulu* in their programme.

The Borodin Piano Trio will play works by Ravel, Beethoven and Rakmaninov on July 24. Other highlights include Musica Reservata at the church of Walpole St. Peter (July 24), Choir of Christ Church, Oxford, at Swaffham Church on July 27, the Australian mime artist Nola Rae (July 24 and 25), London Ballet Theatre (July 24) and the National Theatre Company (July 25 and 26) performing Pinter's Poems and Prose and The Groucho Letters.

Poetry competition winners

Dr. Dannie Abse will adjudicate on the entries and announce the winners of the English Association's Poetry Competition at The National Book League, 7, Albemarle Street, London, W.1, at 6.30 p.m. on Friday, June 2.

The winners will be invited to read their poems and, after an interval, Dannie Abse will read from his own works. Entrance is free.

...lizabeth Hall

Elly Ameling

by DAVID MURRAY

Miss Ameling is one of the best ...ieder singers to be heard any...here these days, and her ...chubert recital with Dalton ...aldwin on Sunday was a ...riumph. She had the full house ...he deserves and left it richly ...atisfied. Under the circum...tances, critical detachment ...elted. One cannot even cata...ogue highlights of the evening, ...or the standard of Miss ...meling's work is remarkably ...ven. She sings nothing that does ...ot suit her, but her range is so ...xtensive that that is no con...traint.

There are singers who cultivate Lieder in addition to opera, ...nd singers who combine recital ...ork with oratorio. From the ...ormer one expects dramatic ...lair and resources of vocal ...olour, whereas with the latter ...ure musical line is likely to be ...re-eminent. By nature Miss ...meling is among the latter, ...hough white-voiced fluting is ...ot at all her style. Her pro...ramme opened with the pre...ictable group of spring songs, ...rettily shaped and delivered in ...ilvery, bubbling tones and ...aultless diction; but interest ...uickened sharply with "Erlaf...ee," where superb technical ...ontrol achieved a magical, ...peaking stillness. One hung ...pon everything that followed: "Auf dem Wasser zu singen" ...pened into a revelatory perspec...ive with its last verse, "An Silvia" was utterly seductive. "Die junge Nonne" was a moving resolution of inward and spiritual struggles.

The second half was mostly Goethe, beginning with Mignon's songs from *Werther*. Miss Ameling did not persuade one that Schubert's "Kennst du das Land?" equals Wolf's, but "Heiss' mich nicht reden" had the ring of authentic tragedy and in "So lasst mich scheinen" she offered a potent vision with inspired simplicity and directness. Perhaps "Heimliches Lieben" missed the tone of confiding intimacy and "Gretchen am Spinnrade"—sterling singing, certainly—was a touch too external, but "Liebhaber in allen Gestalten" was delectably pawky and neat.

In all this Dalton Baldwin was an alertly faithful accompanist. Miss Ameling preserves the rhythmic integrity of her music to an unusual extent, avoiding any feeling of rigidity by very discreet hesitations and quickenings, and the precise rapport between the two artists betokens long recital-experience together. The slight dryness of Baldwin's touch sets off the roundness and warmth of the Ameling voice to perfection. I wished only that he might have bustled less in the piano-part of "Der Einsame." It is a distinguished partnership, and better justice is not likely to be done to Schubert's songs this year.

Northern Ireland Opera Trust

La Traviata

Unable to find a suitable theatre for the staging of its spring season—the ABC Cinema, the usual venue, was burnt out a few months ago—the Northern Ireland Opera Trust has this year had to confine its activities to a Gala Concert and to three concert performances of *La traviata*, one in Londonderry and two in Belfast. The RBAI hall has adequate acoustics, but not much atmosphere or intimacy. That the performance on Thursday acquired, after a somewhat chilly start, very considerable dramatic tension, was due in large measure to the conductor, Alun Francis, who communicated his own decided views on Verdi's opera to the Ulster Orchestra, the NIOT Chorus and the principals.

Mr. Francis inspires confidence in audience and performers alike; he balances the demands of the composer and those of the singers — demands which sometimes seem mutually exclusive — with quite exceptional skill, while he never allows compromise to rear its fatal head. His reading of *La traviata* was passionate, emotionally filled with joy and pain, but also tautly shaped and restrained in the expression of those feelings. He never made the mistake of treating the work as a verismo opera. Nor did Rita Talarico, who sang the title role, turn Violetta into an ancestress of Mimi. The Italian soprano undoubtedly found the concert platform inhibiting, especially in the first act, but once launched on the scene with Alfredo's father, she became totally immersed in the music.

Rita Talarico's voice, acutely focused and firmly projected, carried well at all dynamic levels, and her phrasing was always neat and frequently expressive: Violetta's marvellous dying utterance was most affectingly delivered. Donald Pilley, taking over at short notice—as he did recently in ENO's production of *The Force of Destiny* at the Coliseum—from an indisposed colleague, sang Alfredo with welcome security and fresh, robustly nourished timbre. He was at his best in the scene at Flora's party, where Alfredo's bewildering alterations of mood, between rage, despair and remorse, were sharply etched. As the elder Germont, Gianluigi Colmagro proved that Giorgio, far from being a boring part, is one of the most rewarding of Verdi's great baritone roles.

Gianluigi Colmagro also aware of the effectiveness of restraint in highly emotional scenes such as the interview with Violetta mentioned above, kept the full weight of his fine voice for the climax of "Di Provenza il mar," which he sang eloquently. Patrick McCarthy made a lively, insouciant Gastone; Clive Harré was impressive as Baron Douphol; Mary Gilmore contributed a generous-voiced Flora. The chorus suffered from the general air of frigidity at Violetta's party, but made ample and splendid amends at Flora's reception—I don't remember hearing more convincing fake gypsies—where Alun Francis's razor-honed attack gave the big ensemble an authentic, frisson-inducing excitement.

ELIZABETH FORBES

Scottish Opera's 1978/79 subscription season

The fourth season by Scottish Opera in its own home, the Theatre Royal, Glasgow, marks the expansion of the subscription season from the original ten operas to 12, so that the season will now cover the period from October to mid-May, with a short break in the early Spring.

In another major change, the subscription season will for the first time include performances by a visiting company. The Welsh National Opera will contribute two works their highly acclaimed *Elektra* and a new production of *The Magic Flute*.

The season also contains four new productions by Scottish Opera, *Dido and Aeneas/Savitri*, *Simone Boccanegra*, *Rigoletto* and *Katya Kabanova*, and several revivals including *The Catiline Conspiracy* and *Der Rosenkavalier*.

The season opens in October with *Simone Boccanegra* in a new production by Peter Ebert.

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The aims of intervention

EARLY ON in the life of the present Government a White Paper was published with the title "The regeneration of British industry." It described the various instruments of intervention the Government intended to use, including the National Enterprise Board, to stimulate investment and make industry more efficient. In practice, partly because of the sluggish performance of the economy, the Government has intervened more to preserve employment than to assist with expansion and modernisation. In addition to the Temporary Employment Subsidy, Sections 7 and 8 of the Industry Act have been used in several instances to support companies or factories threatened with closure. The National Enterprise Board and its sister organisations, the Scottish and Welsh Development Agencies, have inevitably come under pressure to rescue firms in difficulty.

Criteria

These agencies have become increasingly active, especially in helping small- and medium-sized companies, but there is still some uncertainty about the criteria which guide their operations. Like the NEB in its early days, the newer agencies no doubt feel obliged to justify their existence. Facing demands that they should "do something" about local unemployment, they may be tempted to take on marginal business simply to establish their presence on the scene. There have been one or two cases where investments were undertaken with clearly inadequate prior investigation. While these may be put down to inexperience or over-eagerness, they may also reflect a willingness to put social ahead of commercial considerations.

The Scottish Development Agency describes itself in its annual report as "an investment bank of a kind, but it is more than an investment bank; its interests are wider, its horizons are longer-term and its concerns are social as well as commercial; the balance is not an easy one to strike." The Agency is required by statute to have regard to the profitability and viability of the companies which it supports, but it can take more risks than a private investor and wait longer before receiving a return. It can, in short, behave in a non-commercial manner.

But it is not at all clear how agencies like the SDA weigh the potential social advantages of a particular investment against the commercial risks, or, to put it another way, how much money they are prepared to lose in order to save jobs.

A Conservative study group has suggested, among other things, that the SDA should be obliged to take in private-sector partners before entering into new investment commitments. This would subject each project to a market test and would, of course, severely restrict the SDA's freedom of action, but the principle of bringing in partners from the private sector is certainly correct.

A different sort of constraint would be to oblige the SDA and similar agencies not to undertake new investments unless they were satisfied that finance from normal commercial sources was not available. The Government's agencies should not regard themselves as being in competition with the private sector. On the contrary, it is very much in the national interest that private-sector institutions, some of which have become more adventurous in the last year or two, should be encouraged to develop as fully as possible.

Selective

The Government agencies ought to be guarding against two dangers—being used as a "soft touch" by companies which are perfectly capable of raising money from market sources, and being used as a lender of last resort by companies whose future is so uncertain that no private sector institution will help them. If they turn away both these sorts of business, there will be very little for them to do, and that will be all to the good

It needs to be recognised that the contribution of these agencies to "regenerating" British industry is, at best, marginal; there is no merit in creating a set of Government-owned holding companies in various parts of the country. If there is any justification at all for their existence, it is to assist in special situations where for one reason or another the market is not working properly. Deciding whether or not to intervene in such situations calls for careful judgment; it also implies a highly selective investment policy.

Civil rule in Latin America

THE TIDE of military rule in Latin America is receding. In the next three months three countries are scheduled to move back towards civilian Government. In Peru General Francisco Morales Bermúdez, the President, is convoking a constituent assembly in June which is to decide the best way back to civilian Government after a period of military administration which has lasted since 1968. In July the military junta in Ecuador and General Hugo Banzer in Bolivia will hold elections which will, it is planned, allow the military to go directly back to their barracks leaving Government in the hands of parties organised by civilians.

Signs of change

In other countries, too, the drift away from Government by the army is being felt, albeit not as directly as in the three countries already named. In Chile General Augusto Pinochet has remodelled his cabinet so that it now contains a majority of civilians while over the Andes in Argentina General Jorge Videla and his fellow officers in the junta there are saying that civilians will more and more be called on to take responsibility for Government. Even in Brazil which has been under military rule since 1964 there are signs of change. The impatience of large sectors of the public with the artificiality of the system of strictly controlled political parties has been manifest over the past year. When General Ernesto Geisel hands over power to General João Baptista Figueiredo next year he is likely to advise his successor to give the civilian politicians much more room for manoeuvre.

Even in those countries where military rule is closely entwined with family tradition, as in Nicaragua which the Somoza family has been ruling since the early 1930s, there have this year been strong calls for a move to civilian Government. To-day it appears that only the least developed countries of the region, like Paraguay where General Alfredo Stroessner is enjoying his third decade in power, are making no move towards civilian rule.

The reasons for this widespread shift in politics are not difficult to find. In the first place the military have shown themselves to be no more competent than civilian politicians in tackling the problems of development which all the republics of Latin America face.

In the second place President Jimmy Carter's policies on Latin America have been having their effect. Over the past year the White House has seen to it that those governments which have consistently disregarded the U.S. human rights initiatives have felt Washington's disfavour. The most notable example of this process is to be witnessed at the moment in Santiago. The U.S. Administration is pressing the Pinochet government hard about its suspected involvement in the blowing up of Sr. Orlando Letelier, a former Chilean foreign minister, in Washington in 1976.

Significant

While the European Community has been less explicit than the Carter administration in demonstrating its disapproval, the transfer last week of the principal EEC office in Latin America from Santiago to Caracas is a significant move. Caracas is the capital of Venezuela and Venezuela is a democracy.

The importance of the transfer was underlined by the fact that the new office was inaugurated by Herr Wilhelm Haferkamp, vice-president of the EEC Commission.

If all goes well the swing away from military rule and towards civilian administration in Latin America could accelerate from now on. If it does Washington and Brussels will be under something of an obligation. Having censured the military, they will be bound to give ear to reasonable requests for economic and financial assistance from the civilians.

Fitful new starts to the North-South dialogue

By DAVID HOUSEGO, Asia Correspondent

NEW wind is filling the sails of the becalmed North/South dialogue. The militant pressure from developing countries for redistributing the world's wealth that followed OPEC's success in raising oil prices seems for the moment to have blown itself out in the exhaustion of four years of almost fruitless negotiations. The impetus for making a fresh start is coming from the industrialised nations.

This is obviously too broad a generalisation to encompass the many strands within the Governments of the U.S., Britain, or Germany, let alone among the OECD nations as a whole. But it is echoed in the more than rhetorical emphasis that President Carter, Mr. Callaghan and Herr Schmidt have been putting on the political and economic interdependence of the two halves of the globe.

It is reflected in the more than perfunctory attention being given to identifying areas of mutual interest—energy, investment in mineral wealth, the recycling of the OPEC surplus, the expansion of trade — where the two sides stand to gain from pulling together. North-South issues have been inscribed on the agenda of the Bonn summit of major industrialised powers in July.

The change of attitude is the result of the far more pessimistic assessment of medium term prospects for the growth of the world economies and world trade. A year ago it was still possible to see the 1974-75 recession as a more painful instance of the post war cycle in which low OECD growth provoked high levels of liquidity which were taken up by developing country borrowing and then repaid as their export earnings recovered. Thus by 1976 OECD growth had picked up from virtual stagnation to over 5 per cent. and developing country exports improved from a 1 per cent. growth in 1975 to 10 per cent. in 1976. The OPEC surplus seemed to be levelling off and the current account deficits of the less developed countries (LDCs) were shrinking.

The World Bank concluded that "the developing countries' remarkable recovery in export markets during 1976 confirms the expectations that the long run trends that have been characteristic of their past development are reasserting themselves." It added that non-oil LDCs "have substantially completed the adjustment process." Read now, so confident a pronouncement has a hollow ring. But in its then bullish mood, the Bank gave a bullish account of the prospects for developing countries until 1985. The two accompanying tables show how the projected expansion of LDC current account deficits until 1985 (rising in money terms by about 7 per cent. a year in line with inflation) could be accommodated by capital flows from the OECD nations. The estimates of private flows are based on growth projections for individual countries and on likely "supply developments" (in other words what the commercial banks would be ready to lend).

What has changed since these estimates were worked out last year is that:

1.—OECD growth could be as low as 3-4 per cent. a year instead of the average of 4.5 per cent. assumed by the Bank. At that level there would be no significant reduction of unemployment in the industrialised nations with the result that protectionist pressures to safeguard jobs by keeping out LDC imports are likely to remain strong.

2—The level of LDC exports of manufactured goods would correspondingly be lowered from the 12.7 per cent. annual growth predicted by the Bank. This was roughly the historic trend in the decade up to 1974. (World Bank and GATT figures differ depending on what countries are included.) The Bank saw room for a further 2 per cent. annual growth if more liberal trading practices were adopted, but then marked down its base estimates as protectionist pressures grew in 1977. In its base estimates the Bank foresaw manufactured goods accounting for 55 per cent. of LDC exports by 1985 as compared with about a third now.

3—Commodity earnings—now the equivalent of about two-thirds of non-oil LDC exports—are likely to be less as prices sag. The terms of trade as between commodity exports developing countries and manufactured goods have been shifting by an average of about 2 per cent. a year to the disadvantage of the developing countries since the boom of the Korean War. That trend looks like continuing.

Immigrant workers

4—Remittances by immigrant workers employed in Europe, the U.S. and (possibly) the Middle East which have played an important role in the balance of payments of a number of developing countries have become increasingly likely to suffer under the competition for jobs.

5—The current account deficits of the LDCs hence would widen beyond the expectations of the Bank depending on how sharply those countries curb their imports and capital investment. UNCTAD, using the admittedly artificial yardsticks of "internationally agreed" growth targets for developing nations foresees a far wider foreign exchange resource gap.

6—A slowdown of export earnings has occurred hitting hardest the medium and upper income developing countries—Zambia, the Philippines, Thailand, Korea, Malaysia, Brazil, Argentina, Jamaica, Chile, Peru, and Turkey for example—which stand the best chance of fast growth. They are also the group of countries that have borrowed most heavily from the commercial banks, accumulating a high proportion of medium-term debt and of repayment obligations—currently running as high for some countries as 55 per cent. of export earnings. About 53 per cent. of LDC debt (estimated by UNCTAD to have reached $300bn. by the end of 1977) is owed to private creditors with the ratio higher for the middle income countries. But aggregate figures conceal the sharper exposure of particular countries and particular banks.

The more pessimistic view of these changes is that the 1974-75 recession was not a cyclical phenomenon and that, instead, it marked a structural turning point leading into a phase of slower growth, increased barriers to trade, wider current account deficits for developing countries, and a greater dependence on foreign borrowing if they are to sustain some improvement in per capita incomes. Mr. Olivier Long, director-general of GATT, points to a "general crisis of confidence in the capacity of the world economy to recover and expand again." This coincides with a period in which developing nation governments find it harder to resist the popular expectations of a greater internal distribution of wealth aroused by the commodity boom of the early 1970s. They find their political task made more difficult by pressure from the West over:—

1—The domestic management of their economies. As more Governments have felt the need to borrow or have been unable to pay their debts, they have turned to the IMF either to increase their drawings or to gain IMF approval to give them access to the commercial markets. They complain that the IMF conditions—usually a package involving tight monetary targets, devaluation, a cut of public expenditure and a curb on wage increases—are applicable to industrialised nations or in circumstances of growing world demand. But in the present situation, they see them as condemning a Government to an indefinite period of low or negative growth that is politically intolerable.

2—Acceptance of a "basic needs" policy as a condition of aid. To the West it makes sense for third world Governments to devote much of their resources to ensuring that the poorest obtain basic levels of nutrition, health and education. This can be argued for both on grounds of equity and of economics, in that a half starved illiterate community is a burden on the rest of the population. But most developing countries dislike the emphasis on basic needs and rural development seeing it as an attempt to curb their expansion into manufacturing industry or as political interference with the way they run their country.

All these points of friction, coupled with the gloomier outlook for the world economy, point to increasing tensions between North and South. Add to this the potential conflicts in Africa and the Middle East and the uncertainty over oil prices, and it is not difficult to see why western leaders feel that there is a case for taking the initiative in the North-South dialogue matter.

Breaking out of the impasse is another matter. Negotiations have stalled because of the insistence of the Group of 77, acting for the developing nations, of carrying on board all their members for every demand they make. The West has responded to this unwieldy raft with critical comments that have forestalled the need to co-ordinate a position of its own.

The position over trade is characteristic of the muddle. Most western governments would accept the line of reasoning behind the following remarks by Mr. Long on restrictions on the export of manufactured goods from developing countries:

The logic of adjustment

"If the rich countries refuse to accept for themselves the logic of adjustment and an international division of labour inherent in the present world trading system, they cannot reasonably expect the developing countries to continue to support that system.

"Second, any widespread restriction of markets in the industrialised world would not only require most developing countries to cut back their own imports; for many of these countries it would probably drive them to repudiate their external debts. And third, if developing countries are denied the possibility to earn reasonable incomes, they will be unable to offer the potentially gigantic market which they hold out for the future support of the world economy."

In practice western Governments feel they are hamstrung because of the immediate preoccupation with safeguarding jobs—though the evidence is still tenuous that LDC imports into OECD countries have had more than a marginal role in causing a net fall off in employment. Increased adjustment assistance in phasing out "old" industries, encouragement to developing nations to explore the rich horizon of expanded trade among themselves, and greater aid flows leading to greater employment in the LDCs—all to some extent offset the constraints imposed on them through growing protectionism in the West. But understand-ably it is the potentially [dis]criminatory features of a safeguard clause under GATT, which would [fur]ther limit access for their manu[fac]tured products that sticks [in] their gullet.

The issues of indebted[ness] and monetary reform are more difficult than trade. [A] small advance has been m[ade] in the agreement in principl[e to] write off about $400m [of] official debt owed by the poo[rest] nations. But this does not [touch] the potentially far more seri[ous] problem of the growing vol[ume] of commercial debt.

In part developing nati[ons] have allowed it to be swe[pt] under the table because mid[dle] income borrowers such as [the] Philippines or Zambia do [not] carry the clout to act on t[heir] own, and the big borrowers [like] Brazil, aware that a default [on] their debts would send m[ajor] financial institutions reel[ing,] hope that the leverage [this] gives them will enable them [to] continue to refinance th[eir] loans.

A small advance has [also] been made with commodit[ies.] The proposed Common Fu[nd] holds out the prospect of pr[ice] stabilisation schemes for [a] limited number of produ[cts.] But a substantive agreement [on] the Common Fund and w[hat] might be tied to it is still [a] good way off.

Of the other subjects on t[he] North/South agenda—transf[er] of technology, for instance, [or] a code of conduct for mul[ti]national companies—there [has] been little progress.

Past experience suggests th[at] negotiations could drag [on] inconclusively. Outside the U.[N.] Overview Committee (too muc[h] of a political debating forum) and UNCTAD (an unoffici[al] pressure group for the Group [of] 77) there is no focal point f[or] bringing together such wide[ly] divergent issues. Nor does t[he] West have any clear idea of ho[w] far it wants to go. But t[he] change in direction is noneth[e]less noticeable and important.

PROJECTED EXTERNAL CAPITAL FLOWS TO DEVELOPING COUNTRIES†

	Average Annual Growth Rates, 1978-85 Current %	Constant %	Level 1977 (US$ Current Bn.)	1980	1985
Official sources:					
Grants	9.6	2.3	4.9	6.1	10.2
Bilateral loans	10.7	3.3	7.8	10.2	17.6
Multilateral loans	10.8	3.4	4.9	7.9	11.1
Total	10.4	3.0	17.6	24.2	38.9
Private sources: (including direct investment)	12.6	5.0	20.7	29.4	53.6
Total resources	11.7	4.2	38.3	53.6	92.5
Memorandum item:					
Capital not elsewhere included and change in reserves			−13.9	−11.3	−14.4
Current account balance			−24.4	−41.9	−78.1

† Includes oil deficit countries.

GLOBAL CURRENT ACCOUNT BALANCE 1976-85

(US$ Current bn.)

	1976	1980
OECD and Capital Surplus OPEC	27.3	42.5
Developing Countries		
Low income countries	− 2.9	− 5.7
Lower middle income countries	− 5.8	− 6.8
Intermediate middle income countries	−15.8	−19.3
Upper middle income countries	− 1.6	− 3.5
Capital deficit oil exporters	3.0	− 6.6
Sub-total	−23.1	−41.9
Other	− 4.2	− 0.6
Total deficit	−27.3	−42.5
(in US$ 1975)	(−27.0)	(−31.5)

Source: World

MEN AND MATTERS

Kicking out at May Day

Should you happen next Monday to pass one of Elliott's 25 shoe shops, and see the staff all eager to sell you some smart boots, remember that the firm's directors are holding the line against International Marxism (their capitals). The group has announced that its shops will be staying open on May Day, which it believes is being "perverted" by Left-wing politics, to the detriment of its traditional role as a spring festival.

When I spoke to one of the directors, Adrian Elliott, he expressed surprise that some people might find their views provocative. "Would they?" he said thoughtfully. "We don't mean to be. Lots of us see May Day in terms of tanks in Red Square. So we thought we should stand up for our principles.".

Elliott's will not be compelling their staffs to work on May Day. Attendance will be voluntary—although it seems that most employees are eager: perhaps it is the prospect of double pay and an extra day off.

Notwithstanding the firm's desire to avoid provocation, the 450,000-strong Union of Shop, Distributive and Allied Workers says it takes "a very poor view of the suggestion that you are a Communist if you take a holiday on May Day." A union official told me he thought the company was being distinctly old-fashioned—and indeed, it was founded in 1776, all of 13 years before the French Revolution. USDAW also thinks that Elliott's are confusing the whole issue by saying they close on Good Friday but will open on May Day, since both are national holidays. However, the union's officials will be glad to hear that Adrian Elliott thinks they are "doing a good job and are not politically motivated."

"Not the size of fish catches, I'm afraid, but farm price increases!"

Bigger pool

Littlewoods Pools must know something. If they are prepared to spend $2,450 on a full-page advertisement in Business Week they must either believe that businessmen are gamblers or that the markets are losing their attractions.

"You could win £500,000 any week," the advertisement in the international edition of the magazine reads. Nine-tenths of its readers are outside Britain; but a Bank of England spokesman assured me that non-resident gamblers have the right to export all their winnings and there was no difference where football pools are concerned.

A Littlewood spokesman told me that they had authorisation to pay winnings outside the sterling area provided the premium came in foreign exchange.

He said that only 29.8 pence of each £1 stake was returned to winners. The Government takes 40 pence and Littlewoods the balance. I would have hoped our businessmen work to better odds than that.

The spokesman then admitted that pools are illegal in some of the countries where the advertisement would circulate.

All that apart future advertisements could prove surprising, particularly if there are some winners from West Germany or China. Besides those anonymous winners, Hitchin Man and Llanelli Man, we might have Heidelberg Man and Peking Man.

Star wars

Go, and catch a falling Star. . . The arguments surrounding a £250,000 sports project in South-East Cardiff, the Callaghan constituency, go rumbling on. Its planners, a group of county councillors and other local worthies—with the prime minister as their president—were yesterday charged with not taking enough trouble to consult residents in the four deprived districts concerned. The Adamsdown Community Trust is a focal point of dissent and its chairman, Ede Belcher, has challenged the Star sponsors to hold a series of public meetings. Star is the acronym of their names — Splott, Tremorfa, Adamsdown and Roath.

After a lottery scheme to raise funds ran into difficulties through lack of support, the Star organisers approached the Welsh Office for funds. But community workers think the priorities in building a massive sports centre may be out of order. It points to its own efforts in opening a playschool, a pensioners' centre and an advice office with scanty funds. One of the community workers, Clive Grace, told me yesterday that much of the work in the Star districts was with unemployed youth. "They might not react well to a concrete monolith of a sports centre," he said.

There is clearly a feeling that the sponsors—branded to me as "very prestigious"—are out of touch with the districts concerned. Belcher yesterday accused them of "beating the drum" and displaying contempt in letters to the Cardiff papers about the quarrels over the project. It looks as though Jim will be facing some heckling if he appears at the public debating sessions that are now in the wind.

Wide diet

One of the more curious pieces of intelligence from New York is that Heinz are negotiating to take over Weight Watchers. This follows on the footsteps of an agreement by which Heinz will acquire Foodways Inc., which makes frozen lunches and dinners under the Weight Watchers' label.

Well, there may be 57 Heinz varieties to choose from, but I hope that all those secretaries in search of slender elegance will not start turning to a diet of baked beans and mayonnaise.

Sick stamp

The nominally independent republic of Bophuthatswana has just issued its first postage stamps. The republic, for those who cannot recall its founding last December, consists of seven landlocked pieces of South Africa. Much of it borders the Kalahari desert, and most of its 2.5m. people are labourers on white farms.

So I find the 15-cent stamp in rather dubious taste. It bears the slogan "Over-eating is dangerous," together with a picture of a knife, fork and spoon. A skull is engraved upon the bowl of the spoon. Around the outside is another slogan: "Down with high blood pressure." It is hard to believe that four months of quasi-freedom have so eradicated poverty that Bophuthatswana's people risk getting the bwanas' ailments.

FINANCIAL TIMES SURVEY

Tuesday, April 25 1978

Spanish Banking and Finance

Spain's aspirations to become a member of the European Community require it to make radical adjustments in many sectors of its society. Chief among these are financial institutions which, as this Survey indicates, are lacking in modern ways of thinking.

Decisions piling up

By Robert Graham, Madrid Correspondent

RECENT days, there has n the unusual spectacle of ps of banks in Spain pub- announcing the availability medium-term credit at attrac- rates. The offers have been ected either at small and dium-sized companies or at se which generate new jobs. far the response has been nimal. This is not because market considers a rate of per cent. for three years easonable. It is simply that and for credit in the private tor is slack and has been so six months now. Indeed the in difference now is that dit has ceased to be so pensive and is more readily ailable.

The slack demand for credit flects the general lack of nfidence that still persists oughout the business com- inity over the direction of e economy. Back in October en the government and main position parties signed the ncloa pact that included a ies of tough economic asures to curb inflation and uce the payments deficit, it is hoped that by now the worst uld be over. At least the cession would show signs of ttoming out. This is not the se. Unemployment continues rise and is now over 1.2m., cks continue to be drawn wn—and the State sector art, new investment is not rthcoming.

Before painting too gloomy a ture, it is worth drawing ention to the few bright spots. ce the peseta devaluation of t July monetary policy has en used as the key instrument Government economy policy. particular high priority has been given to curbing the money supply, gradually reducing its annual rate of increase from 21 per cent. to 17 per cent. by December 1977. This was approved by the Moncloa pact, which envisaged maintenance of this level throughout 1978. The Bank of Spain, however, took an even more restrictive view of this policy and last October the money supply increase fell to as little as 10 per cent., pushing up inter-bank rates to as high as 21 per cent. Because the majority of credit is short-term for some six weeks there were serious distortions in the money market.

The net effect was to put more pressure on the cash flow problems of many companies and in turn frighten the banks from lending. The high cost of money was also an element that led to the collapse of the Banco de Navarra in January. Since January, however, the Bank of Spain has taken steps to cheapen the cost of money and remove these tensions. But this was an awkward moment and many felt the Bank of Spain had over-reacted at the time. True or not it has made it easier to adhere to the overall objective of keeping the increase in money supply down to 17 per cent this year with a 2.5 per cent. margin of manoeuvre on either side. In the first quarter the margin has remained on the underside of the targeted 17 per cent.

Cutback

This tight control of the money supply has been an important factor in the sharp cutback in the rate of inflation. From an annual rate of 30 per cent. last November it is now about 20 per cent. and can, it is hoped, be brought down to 15 or 16 per cent. by the year end. It has also been a major dampener on demand. Imports have levelled off and this, coupled with the effects of devaluation and a switch of productive capacity to exports, has allowed the balance of payments to improve out of all recognition. Before devaluation the current account deficit was projected at $5.5bn. for 1977. It turned out to be $2.5bn. when only in October this was the 1978 target.

On present projections the current account deficit will be around $1.5bn. this year and in the first two months there was even a $7m. surplus helped by good tourist returns, higher exports and reduced energy imports. Thus reserves now stand at an all-time high of $7bn. and the peseta has retained a fairly clean float. Indeed, the reserve position is now probably strong enough for the authorities to consider a revision of their approach to foreign borrowing.

Instead of borrowing over $3bn. this year on the international market as planned, it may well make more sense to draw down on reserves a little. This might also help to offset the beginnings of a note of concern among the international banking community over the level of Spain's foreign debt. At the end of 1977 foreign debt, excluding short-term commercial credit, was $12.9bn. This year it will be paying $1.7bn. in principal and $800m. in interest.

The strength of Spain's external position, the cutback in the rate of inflation and general adherence to a 22 per cent. wage ceiling have been achieved at a high price. Spain is now experiencing a recession whose severity is much worse than anticipated. The Moncloa Pact envisaged a 1 per cent. increase in domestic product this year and a decline of 2.5 per cent. in capital formation—but both projections now seem optimistic. The main activity is coming from Government expenditure and a continued substantial increase in the release of official credit. Meanwhile the private banks, which normally account for 60 per cent. of total credit, are playing a lesser role.

The principal concern stems from the fact that the dampening of the economy has been achieved without any major structural reforms of the economy. Inevitably such reforms, which are long-term by nature, lag behind immediate measures, but the Government of Sr. Adolfo Suarez has shown itself far too preoccupied with political issues despite frequent statements that the economy is the major priority.

Until the new constitution is approved and the municipal elections out of the way, probably not until the end of the year, it seems that Sr. Suarez and his Ministers will be in no mood to direct their full attention to the economy. As it is, Sr. Suarez was obliged in February to accept the resignation of the chief architect of economic policy, Prof. Enrique Fuentes Quintana, the Minister of Economy, and introduce virtually a new team managing the portfolios that deal with the economy.

The Cabinet is now more homogenous, and it is to be hoped, less prone to the kind of squabbling and personal rivalry that bedevilled the previous one. But the reshuffle has further delayed the implementation of important policies and has done nothing to dispel the sense of *immobilisme* that has surrounded the Government's approach to the economy in recent months.

This has been evident in four main areas. First, the Government is four months behind schedule in approving an energy plan, a delay caused partly by a change of Minister in February and partly by the inherently awkward choices presented by the plan that include greater State intervention, especially in the running of the privately-owned utilities. Spain is the only large industrial country not to have come to terms with the problems created by the quadrupling of oil prices in 1973 and energy imports are now a quarter of the trade bill.

Secondly, the Government has found itself unable to make up its mind on what to do with a mainly privately run steel industry that has at least 20 per cent. of excess capacity and has accumulated losses of $365m. which will double by the end of the year. It has been equally undecided over the future of the shipbuilding industry, with 40 per cent. excess capacity. Thirdly, it has failed after nine months to reach a settlement on the future of the country's largest and ailing capital equipment manufacturer, Babcock and Wilcox.

The Ministry of Industry wants to avoid the precedent of the State supporting "lame ducks" but this has only complicated the solution. Meanwhile, the company has had to suspend all payments as of last month and has defaulted on at least three foreign loans. The company's predicament may be particular but foreign bankers are unimpressed by the lack of urgency with which the Government has reacted.

Fourthly, the Government has been toying for over a year with the issue of the admission of foreign banks to Spain. Despite a set of criteria existing for at least two months now no decision has been made. To this list of indecisiveness one might add that the president of the State holding company, INI, has just resigned or been made to resign after six weeks of rumours — without the Government having a replacement agreed.

In all these instances Sr. Suarez has preferred to defer rather than upset powerful individual interest groups. The banking community, with its close involvement in industrial equity and still jealous of the privileged position that it enjoyed under the protectionist system of Franco, has been a particularly strong lobby.

Already business confidence has reacted uneasily to the prospect of greater trades union power and the development of democracy in Spain. However, the Government's indecisiveness on important economic issues has added to this uncertainty, making the climate more difficult to implement measures like the overhaul of the tax system. The latter is the one reform which appears to have been acted upon with the greatest despatch.

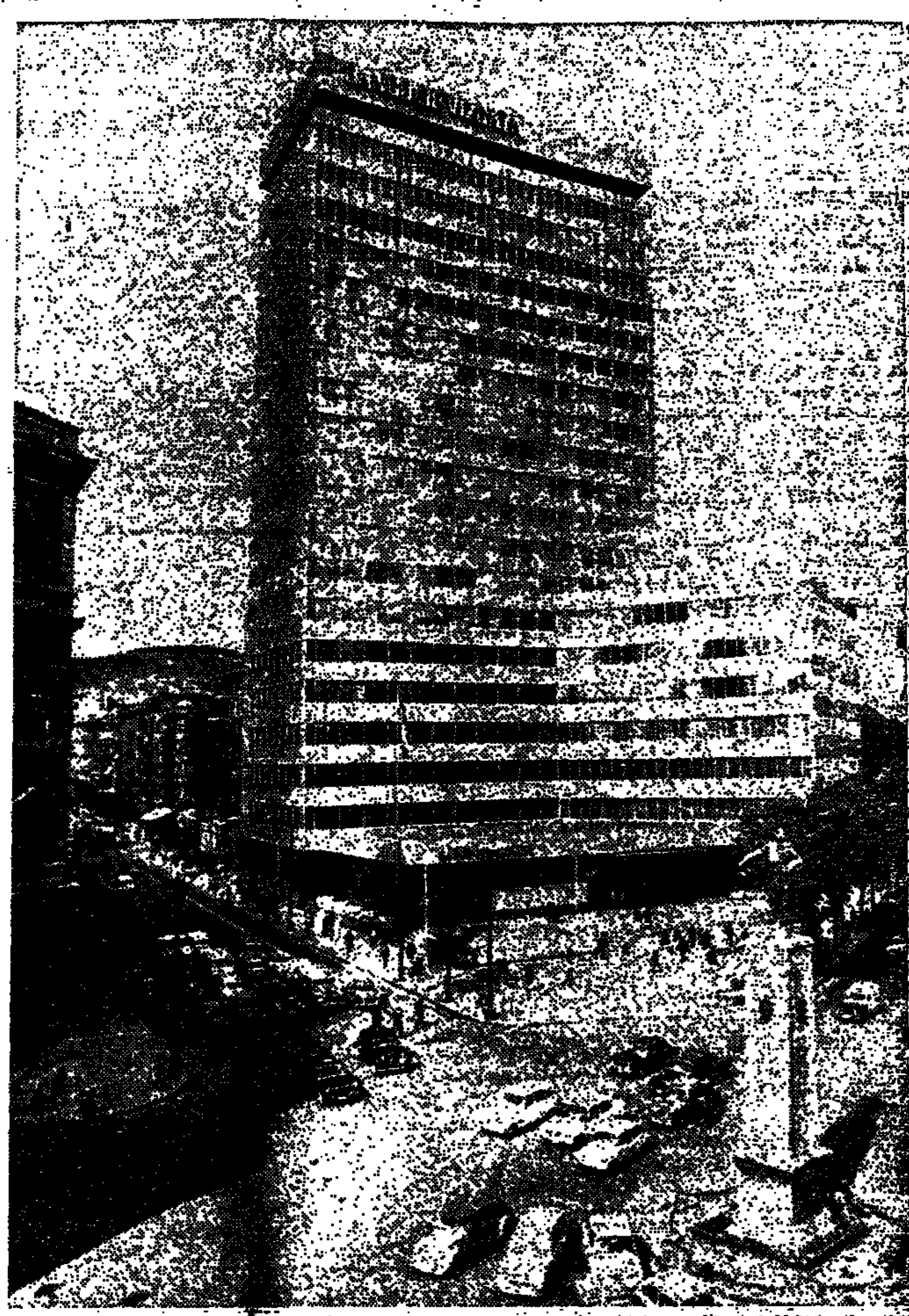
Short-lived

A more basic problem is that economic policy, as contained in the Moncloa Pact, is based on palliatives. Halting inflation and improving the balance of payments can only be a short-lived achievement if once the Government decides to stimulate economic activity import demand rises, inflation moves upwards and the pressure on wages and living standards increases. Yet this is what threatens to happen.

The problem is not uniquely Spanish. The difference is that Spain has a relatively weak esport base, with exports playing a much smaller part in GNP than in other European countries. Spain also still cushions domestic products with a substantial degree of protection, a protection that it is in theory committed to dismantle if it joins the European Community. This tends to suggest that palliative measures, in this case tight money supply and dampened demand that keep unemployment high, will be retained as medium-term, not short-term policy.

SPANISH BANKING AND FINANCE II

System in need of modernisation



Banco de Vizcaya's head office in Bilbao.

COMPARED WITH Spain's industrial weight and level of economic development, the structure of its banking system has remained extraordinarily archaic and complex. A foreign banker the other day said that it reminded him of a large multi-layered chocolate cake that had been allowed to melt a little in the sun so that all the layers coalesced.

There is more than a grain of truth in this analogy. State financial institutions and State policy merge with private institutions and private interests in a confusing blur. It is a system long accustomed to State intervention—yet the powers that intervene have been intimately linked with the private sector. Right up to 1974 the system's deficiencies were masked by the economic boom and protectionism. But in the current recession, and faced with the prospect of liberalisation, the system is under siege and going through a major and painful readjustment.

The more open-minded within the Spanish banking and financial community—and they are still a distinct minority—regard the period of readjustment as both healthy and necessary. Indeed they feel it is an essential prerequisite if Spain is to play a part in the enlarged European Community. The great mapjority are still fearful of change, reluctant to let down the barriers of protectionism and bemused at how to cope with recession.

The impact of the State is felt not merely through the Bank of Spain (BOS) which administers monetary policy—the most important single instrument of economic control. The State also has its own specialised credit institutions like the Farmers' Bank, the construction and mortgage banks and the Banco Exterior which finances exports. More important, the State has relied, as an integral part of the banking and financial system, on mobilising resources through extracting a percentage of both bank and savings bank deposits, for investment in specific economic sectors.

Strategic

The idea is that the Government then has available cheap credit for strategic areas. Credit so mobilised has become known as "the privileged circuits." However, until last year the Government never felt obliged to account for the use of such resources and often they were misused. The privileged circuits also perpetuated the official control of interest rates.

Furthermore, the State presence has been felt through the enormous financial importance of the social security budget. This absorbed the social security contributions of employers and employees and paid out health and welfare. Again, until last year, this system was not monitored and was not incorporated into the budget, even though its expenditure was greater than that of the budget. The widespread suspicion was that social security contributions were also used to provide cheap official credit, buying also Treasury bills and bonds of the State holding company INI. Its share portfolio to-day is probably the single largest in the country.

Finally the BOS also acted to promote the stock exchanges by holding a substantial portfolio. Since last July the BOS has not intervened on the exchange as an act of deliberate policy. But both through social security and through the BOS the Government possesses a formidable arm to influence the movement of the stock market.

This interventionism has been tolerated essentially because the private banks have been kept under very loose control. It did not interfere with profitability—rather has its net effect been to dampen competition.

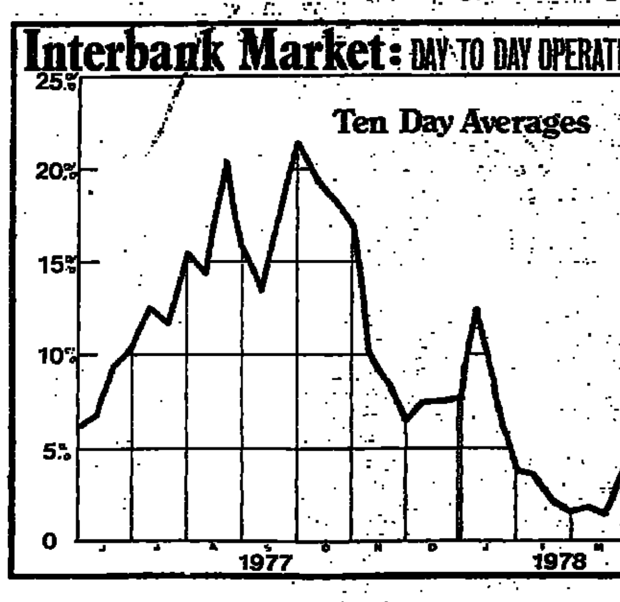
There are now 108 private banks in Spain (against almost 190 30 years ago) whose combined assets at end-1977 stood at Ptas.470bn.. Of these 80 are commercial, 24 industrial, and four foreign which have established themselves through historical circumstance. The main characteristic is that seven large banks—Banesto, Hispano-Americano, Bilbao, Vizcaya, Santander and Popular—account for some 60 per cent. of all deposits. If their wholly-owned or partly-owned banks are included the percentage is even higher, while three banks—Banesto, Central and Hispano-Americano—account for 40 per cent. of total deposits alone.

There are in fact relatively few banks that have a proper national coverage, yet they account for 66 per cent. of all credit (followed by the industrial banks that provide 14 per cent., the local banks almost 10 per cent., the regional banks 8.5 per cent. and the foreign banks 0.6 per cent.).

Spain in fact has more banks than it needs. It also is over-branched. In 1974 the BOS sought to stimulate the banking sector by liberalisation regulations on branch opening. The result was that in the following three years 4,580 branches were opened, compared to 2,764 in the previous 12 years. Last year the increase in the opening of new branches was only 12 per cent. compared to an average 27 per cent. for the previous two years. It is generally admitted now that such expansion was too rapid and will not be repeated. Spain now has one branch for every 3,500 inhabitants.

Another particular feature is the heavy involvement of the banks in every sector of economic activity, not merely through credit lines but through equity participation and control of nominee votes. There are no figures available but guestimates indicate that Spanish banks either own or indirectly control over 50 per cent. of Spanish industry—an exceptionally high percentage. In turn this links the banks very firmly to the industrial health of Spain. Moreover, in relative terms ownership of bank shares is still concentrated in few hands. At the same time bank directors have traditionally been closely associated with the Government so that certainly in Anglo-Saxon terms the instances of conflict of interest in official duties would be high.

Against this background significant changes are taking place. First, the recession, which began to be felt last autumn, has exposed the vulnerability of the small and badly managed banks. Those banks which expanded fast, paid higher salaries to attract extra personnel for new branches, and competed for deposits by over-indulging in the illegal but tolerated practice of "extra-tipos" (under-the-table premiums above official interest rates) have found themselves squeezed.



Additional pressure has been placed on those banks with loans to industrial enterprises that have suffered cash flow problems from reduced domestic demand. For the first time the larger banks have found it necessary to increase sharply the provision for bad debts, in some instances raising the amount by 100 per cent.

Secondly, the commercial banks have found themselves under increasing pressure from two quarters. The savings banks, which occupy a position almost akin to the building societies in Britain in terms of financial weight, have proved themselves far more aggressive in attracting deposits because of the liberalisation of interest rates. They have also since last summer been allowed to operate in the interbank market. In January deposits of the commercial banks increased under one point against 20 per cent. in December, while during the same period deposits in the savings bank's increased to 17 per cent. and 15 per cent. respectively.

Relaxing

The prospect of relaxing the ban on the establishment of foreign banks in Spain has also had an important catalyctic effect. Most of the banking community have viewed this prospect with a mixture of suspicion and concern, believing they are not strong enough to match up to the aggressive techniques of multinational banks. Regardless of the real impact of allowing more foreign banks into Spain other than the present four (that incipdes BOLSA), the banking community has felt the need to prepare against such competition.

In the case of Central/Iberico and Banesto/Coca and Banesto/Madrid the prime motive appears to have been that of a medium-sized family-contr[...] bank seeking to consolidate [...] future under the wing of a [...] bank. In addition, the fam[...] (Fierro in the case of Iber[...]) appeared more than happy [...] obtain a more realisable li[...] asset in the form of shares [...] big bank. Another moti[...] with Gredos for instance [...] been to offset potential diffi[...] ties arising from the cumula[...] effects of the recession. Al[...] certainly more banks will me[...] and there are many rumour[...] cluding talks between [...] Rumasa group and Banesto. [...] bankers believe that the [...] step could well be for [...] smaller banks to merge a[...] themselves rather than [...] bigger units.

Little has been said of [...] carefully these mergers [...] been thought through — [...] there remains a strong fe[...] that because of the indivi[...] style in which banks are ru[...] Spain one organisation is m[...] being grafted on to ano[...] Greater size is not seen [...] necessarily more efficient [...] Indeed, the rivalry among [...] leading banks to ach[...] primacy was an important [...] sideration that pushed Ban[...] to buy up Coca, so that it c[...] maintain its position as [...] leading bank ahead of Cen[...]

These pressures have exp[...] the weaker banks. Since Jan[...] last there have been three [...] collapses. The first and [...] spectacular of these was [...] Banco de Navarra on Jan[...] 16, which in turn affe[...] another bank, Cantabrico. T[...] earlier this month a similar [...] befell Banco Meridonal. T[...] are all small banks which o[...] extended themselves. In [...] case of Banco de Navarra, [...] Bank of Spain is now wind[...] up its affairs and uncove[...] debts could total Ptas.5bn. [...] other two banks have [...] taken over by a specially for[...] "hospital"—a bank with [...] Ptas.500m. capital subscribed [...] per cent. by the BOS and [...] remainder by all the priv[...] banks. Cantabrico will p[...] ably be wound up but M[...] dional, it is hoped, can [...] revitalised.

Other small banks are [...] nerable. But these three [...] lapses have probably had [...] salutory effect on the auth[...] ties and on the bank[...] community as a whole. [...] effects have been felt es[...] tially within the system and [...] by the public, whose depo[...] are guaranteed by a f[...] established last October. [...] as a consequence the public [...] future is expected to plump [...] more dealing with the big[...] banks, which have a more so[...] image. Already there is so[...] evidence of a transfer of [...] posits from the smaller ba[...] to the larger.

Robert Graha[...]

هكذا من الأصل

Powerful sway over much of industry

CORDING TO one common imate, Spanish banks own mething over 40 per cent. of e country's industry. Any ch figure, given the small ount of information on their dustrial holdings the banks close, can be no more than a ugh guess. What is clear, wever, is that the banks— equently a number of them ting in conjunction—have ayed a crucial role in the pro- otion of most big companies rmed since the Civil War. d although since the death Franco both their political wer and their general room r manoeuvre have declined arkedly, they retain a high gree of control over Spanish dustry.

Although in the current litical climate, bankers tend play down the extent of such ntrol, some of the large banks e notably proud of their pro- otional role. Prominent among ese is Banco Urquijo, ich claims to have been the st active in promoting indus- y for over a century, and cur- ntly has some 200 direct areholdings, with an average ue of around £800,000.

Urquijo—the only industrial nk, in terms of legal defini- n, among the Spanish bank- g giants—is relatively small terms of deposits. However, has a close relationship with nco Hispano Americano, ich, in turn, is the only one the commercial banking ants not to have an affiliated lustrial bank. Hispano Ameri- no has a substantial stake in quijo, and they tend to rk together in their indus- al activities, both having for ample, a substantial stake in e chemicals giant Explosives o Tinto.

argest

The largest group of share- ldings, however, is possessed Banco Central, whose indus- al group contains companies h a combined production of ne £1.66bn. and includes agados y Construcciones, the gest construction company in ain, as well as the Compañia pañola de Petroleos. Also ominently involved in indus- ial promotion is the Banco de lbao, which like the Banco de zcaya, is deeply involved in e heavy industry of the Basque untry. The Banco Español de édito, the largest Spanish nk, has very extensive indus- ial holdings in, among other lds, cement, construction, food oducts and shipbuilding, but nds to play a rather more pas- e role.

Apart from Banco Urquijo, all e big Spanish banks are legally mmercial banks. Specifically dustrial banks in Spain began er 1962, when the then Minis- of Finance, Sr. Mariano varro Rubio who believed at the existing mixed banks d an excessive control of in- stry, tried to separate com- ercial and industrial banking. the 17 industrial banks, how- er, only four are not subsid- ies of a commercial bank.

Since 1973 the differences between the two kinds of bank have been largely eliminated—commercial banks can now issue bonds, for example, and the percentage of industrial banks investments controlled by the State has been raised to bring it much more nearly into line with that for commercial banks. Although industrial banks do much more longer term lending than commercial, they now have relatively little distinctive function.

The general pattern in industrial promotion is for a bank, or group of banks, to begin with a very large degree of control over a company, ensuring that it is run by people in whom they have confidence, and then to reduce their holding progressively. Thus Urquijo, for example, will begin with a 20-40 per cent. stake in a new company, and at the start will have representatives on the board and the executive committee, taking a fairly active role in guiding the enterprise, before trying to steer it towards the stock market; reducing its own shareholding to 5-10 per cent.

This pattern of promotion contributes a good deal to the control which Spanish banks exercise over industry. For the bank, or banks, are able at the start to ensure that a company is run by people in whom they have confidence, with their own representatives sitting on the Board. At the same time shares which are disposed of by the bank are often bought either by its shareholders or by its depositors, who will usually surrender their proxies to the bank. Thus the actual control over voting rights may be very much greater than the equity participation.

For example, in the steel giant Altos Hornos de Vizcaya, in which Banco de Bilbao and Banco de Vizcaya as well as two large Basque savings banks are involved, the total share of banking institutions in the equity is a mere 8 per cent. But the proportion of the voting rights they control is substantially larger.

Equity holdings by a bank in a company, and their having directors in common, do, of course, often go together — although it is important to remember that the possession of common directors may be a symptom of important links, but may also mean nothing. It is also important to remember that many banks are often involved in a single company. For example, in the crisis hit steel company Altos Hornos del Mediterraneo, almost all the major banks are involved with shares averaging a little under 4 per cent.

Besides these means of control, Spanish banks also influence industry through the provision of loans, particularly as a great deal of lending in the Spanish banking system is still short-term roll-over lending. It is also important here to note that Spanish industry is, by the standards of other Western countries, seriously under-capitalised. Spanish banks not only prefer to avoid the industrial risk by lending, instead of increasing equity capital; interest payments are not taxed, whereas dividends are.

If these links imply that banks are in a position to exercise a great deal of influence over industry, they also, however, imply that industry is in a position, on important occasions, to exercise a great deal of influence on banks. Thus the possession of common directors does not necessarily work to the banks advantage; it may mean that a bank finds itself lending money to companies when this, on commercial grounds, is not really justified. And in the current economic crisis, where many large Spanish companies are in very serious trouble, and a number of them are in a situation of virtual suspension of payments, banks are often compelled to go on pouring money into them, to protect their existing investment and loans.

Severe

Altos Hornos del Mediterraneo which currently has very severe payments problems, is a case in point. To protect their interests, the banks concerned have agreed to raise their combined equity stake by a further Ptas.8bn., in return for Ptas.46bn. in government money, and may have to contribute further to the refinancing of the company's long-term debt.

How much influence the links between banks and industry have on the banks' lending behaviour is an endlessly debated subject. Bankers tend to deny that they direct much of their lending to their affiliates, and will often cite a Bank of Spain regulation saying that only 2.5 per cent. of the value of their deposits can be lent to the total of these. However, the definition of "affiliate" is any company in which there is more than a 20 per cent. stake, and a bank can exercise a dominant control over a business with less than this figure.

In fact, it is almost certainly true that banks direct much of their lending to companies in which they have a stake, and it would be surprising were it not so. For financial information about companies in Spain is still so primitive, unreliable, and frequently fraudulent, that unless a loan is granted purely on the basis of a guarantee, to have some representative of the bank on the board of the company is often necessary to know whether it is a safe risk. At the same time, while the allegation that banks only lend to large companies in difficulties where they have a stake is probably largely correct, had they no such stakes there might just be fewer loans to these companies.

During the last couple of years, banks have rather got their fingers burned with industry. Dividends have been low and the stock market has sunk ever lower. It seems likely that last year reserves were used to rationalise stock-holdings. At the same time, the crisis is clearly making the banks want to diversify their loans, and also their equity holdings more, to spread their risks. What is, however, hard to tell is how far the disillusionment with the banks' industrial vocation that industry's problems has induced is likely to be of permanent significance.

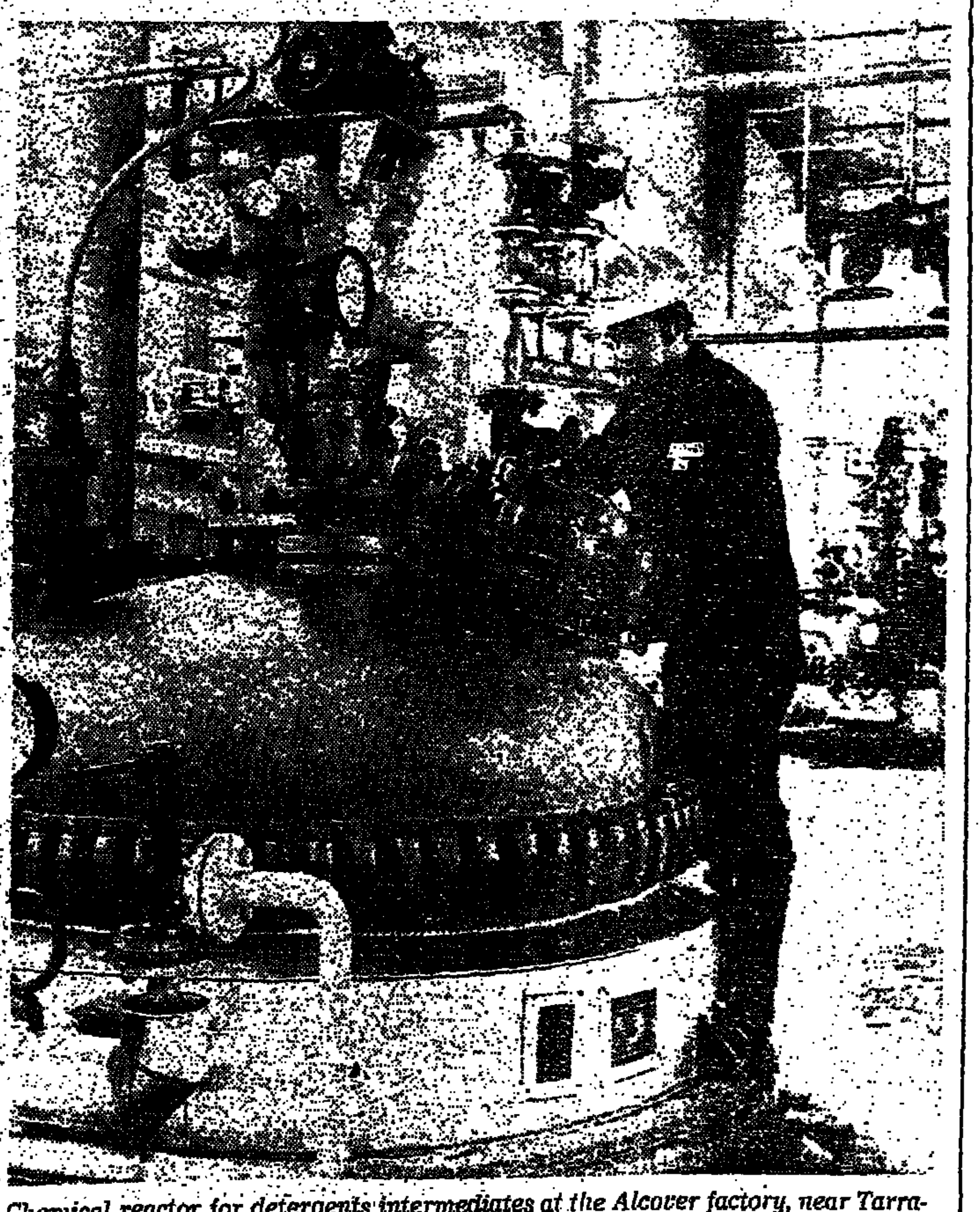
There are already some long-term developments which point to a lesser degree of effective bank control over industry. For one thing there is the growing professionalisation of management; managers tend increasingly to be chosen for technical competence, and even where banks have been involved in choosing them may well be less responsive to their wishes than in the past. There is the prospect too in the longer term of a growing separation between banking and industrial activities, with loan decisions being made more on purely commercial grounds, even if banks' industrial holdings are not reduced. A fair number of bankers would like this in any case, and it will become more and more necessary as Spanish banking gets more sophisticated.

Such specialisation need not reduce the influence of Spanish banking on industry. But it might reduce the effects of this influence, by making loan decisions increasingly responsive to straightforward commercial criteria. It will be hastened on as Spanish companies come to provide more and more accurate financial information, and banks acquire the apparatus to analyse it—developments which are clearly interrelated.

These developments will of course also greatly reduce the need for banks to have representatives on the Boards of companies in which it has a shareholding to watch over its investments. That of course need not be sufficient reason for the disappearance of common Board members, still less for any long term reduction in the scale of banks' holdings in industry. In estimating how likely the banks are to maintain these, one needs to remember how the banks came to be so involved with industry in the first place; how, after the Civil War, in the absence either of a functioning stock market or of foreign investment, they naturally had to take a leading role in providing equity finance for companies.

The Spanish stock market, despite the innovations of the 1960s, continues inadequate as a source of equity finance, and its development has been virtually totally arrested by the economic crisis. Until it develops further, the Spanish banks are likely to retain a large measure at least of their current industrial role.

David Habakkuk



Chemical reactor for detergents intermediates at the Alcover factory, near Tarragona, of Britain's Albright and Wilson group.

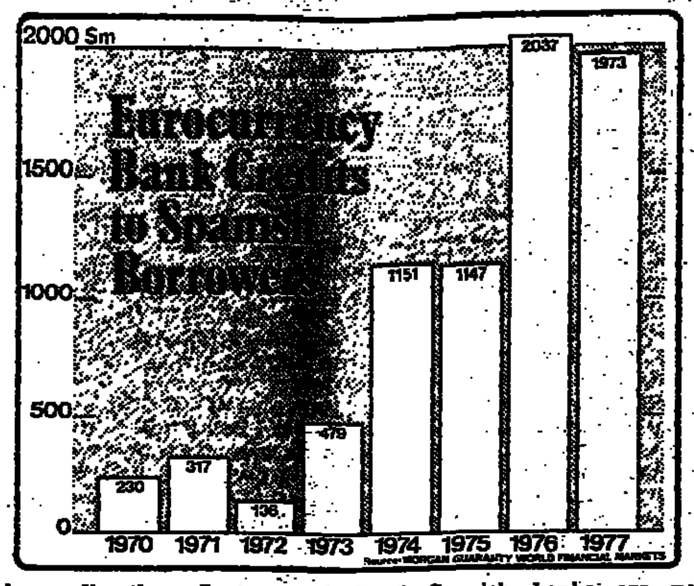
Good credit rating overseas

GUESSING HOW much Spain might borrow on the international capital markets this year is no easy task. The various Ministries which have a say in these matters and the Bank of Spain are far from agreed on what the country's strategy should be. In part this is a financial strategy argument. The Director General of Financial Policy at the Ministry of Economic Affairs, Sr. Toribio, told a conference organised by Banco Mas Sarda earlier this month in Madrid that Spanish borrowers would have to limit the amount of money they raise in the international markets this year to $3.1bn.

This figure is over $1bn. more than Spanish borrowers raised last year but it may not be reached. Indeed others in Madrid feel that the reserves—which at $7bn. to-day are twice their level last July—are possibly too high. Best use some of them and borrow less. A further uncertainty is the size of the balance of payments deficit this year.

Apart from the financial argument a further factor relates to the profound institutional change Spain is going through. Each Ministry is trying to show it has more muscle and is more important than the next when it comes to deciding which company will borrow and how much. This jostling for position does not make the trend of borrowing any clearer, as the political uncertainty which hangs over everything to-day is likely to continue for some months to come. But whatever happens on the broader front, the intentions of the State holding company INI are quite clear.

INI is a major borrower—in its own name or, more important, as a guarantor of loans raised by a string of companies it either owns or in which has a controlling interest. INI has already borrowed $75m. in its own name this year and will not raise any further loans directly. Last year it raised $60m. in its own name, the year before $46m. and in 1975 $110m.



In the past two years INI has had to obtain the approval of the Cortes (Parliament) for the global figure of loans it wanted to raise or offer to guarantee in both the domestic and international markets; before that, approval of the Ministry of Finance was sufficient.

This year, companies which INI controls or owns will be coming to the market for loans worth between $450m.-$600m., $100m. of which will carry an INI guarantee. The rest will either not be guaranteed or will carry one of the three different types of letters of comfort to which those banks dealing with the INI have become accustomed over the years. So banks can expect a string of borrowings, spread over the best part of the current year with no loan larger than around $100m.

INI may well not use its full "quota." Indeed the amount of liquidity in the Spanish banking system appears to be greater to-day than last summer after the credit squeeze came into being. On the other hand Spanish banks are no longer obliged to put 40 per cent. of their deposits into public debt or debentures. That percentage will be reduced by 3 per cent. per annum starting in 1978. Few Spanish bankers believe that this slow change will actually lead to companies, particularly those with close links with INI, having difficulty in finding buyers for their debt instruments within the Spanish banks.

Welcome

Turning to the lenders, most banks do not seem to have a real problem when it comes to Spanish borrowings. They still have room before they reach their ceiling and even if some of them were close to their notional ceilings the abundant liquidity in the market and ever softer terms obtained by virtually every borrower in recent months would ensure that Spanish borrowers remained welcome customers.

However serious the economic crisis in Spain, borrowers from that country know they are preferred to many others. All is a matter of comparison and even by the standards of one or two European countries Spai[n] not look in too bad shape. [There] is no question of the a[uthori]ties ever letting a borro[wer in] the international mark[ets] into really deep wat[er no] matter how late that co[mpany] may be in paying some [of its] bills or social security pa[yments] in Spain.

Spanish borrowers are [getting] fine terms in the market [with] spreads of below 1 per [cent.;] the ⅞ per cent. for seven [years] on the recent Telefonic[a loan] is a good indication of [prevail]ing trends.

They have diversified [their] sources of borrowing [in the] past 12 months into yen [bonds] and loans and Deutsch[e Mark] bonds, although the [recent] DM200m. for the countr[y] had a very bumpy ride [in the] secondary market b[ecause] its terms were too tight.

Spain is also underst[ood to] have requested a rating [from] the leading U.S. [rating] agencies. No result i[s yet] known, but were the c[ountry] to obtain the rating it[s] compatible with its pres[ent] new and even larger som[e] funds would open up. [It] is U.S. institutional in[vestors who] are taking a keen inter[est in] Spain and some of the[m are] going to make an effort [this] month to go and have a l[ook at] the country.

To say that banks are [not] enthusiastic about lendi[ng to] Spanish borrowers woul[d be] overstating the case. W[hat is] certain, however, is th[at the] latter will have no real [diffi]culty in raising the mone[y they] need, and on terms whic[h will] continue to be fine as lo[ng as] the market trends witnes[sed over] the past year prevail. [When] looking round the [world] bankers still feel Sp[anish] customers are among so[me of] the better ones they ca[n find,] at least in the medium [term] market.

Francis Gh

Official steps towards closer supervision

BEFORE ITS collapse in January the Banco de Navarra had been inspected on several occasions by the Bank of Spain (BOS) over a two-year period. Both BOS officials and other bankers knew that Navarra was vulnerable to a squeeze—not least because it was borrowing heavily on the inter-bank market and offering extremely attractive rates to depositors at the same time as rapidly extending its branch network. Despite this, no action was taken until it was too late.

The bankers had only formed their association a month before and the latter was therefore still unable to exercise the kind of internal disciplinary role that it hoped to play. The Bank of Spain meanwhile felt it lacked the kind of legal powers to act in advance even though it had seen the bank increase its capital three times in 1977.

As a result, by the time the BO Sintervened to take over the administration of the bank and guarantee depositors, Banco de Navarra had accumulated debts on the inter-bank market of some Ptas.3.4bn. ($42m.) and a complicated tangle of deals on which civil and criminal proceedings could follow, according to informed sources. Overall losses could be $60m.

The banking community was equally unprepared when a second and small banker, Banco Cantabrico, collapsed the following month. To prevent a situation arising where the bank would be unable to meets its obligations when it opened for business of a Monday, the BOS called together whata representatives of the banking community it could find in Madrid over the preceding week-end and announced a special caretaker institution which would take over Cantabrico.

It was not until some three weeks later that this was formalised into the Corporacion Bancaria with a Ptas.500m. capital subscribed 50 per cent. by the BOS and the remainder by all the private banks. Latterly this has taken over the administration of another small bank, Meridional.

The Corporacion Bancaria is regarded now by the BOS as a stop-gap institution—something to serve a specific purpose while broader measures controlling the banking system are prepared.

These bank collapses expose how unprepared both the BOS and the banking community were for such eventualities. Arguably such traumatic incidents were necessary to prompt some action. Until then the BOS possessed no clearly defined legal powers to intervene.

As of last month the BOS has acquired by special decree such powers to use where it is satisfied that irreglarities have occured. The BOS is entitled under this legislation to administer any bank for as long as it sees fit and where necessary act as liquidator. Under its new governor, Sr. Jose Ramon Alvarez Rendueles, BOS is understood to be opposed to further "hospital" cases and would prefer to have such banks declared bankrupt. Indeed the principal creditors of Meridional have been obliged, as part of an agreement to try and save it, to extend a three-year soft interest loan.

Stricter

The message has also been brought home that the BOS must be able to exercise stricter control. In the case of both Navarra and Meridional the main shareholders were persons who had only recently bought into banking. Meridional had been bought two years ago for Pts.4bn. when it had only Pts.600m. worth of deposits and a capital of Pts.300m.—a high price for a group trying to establish itself in banking. As it turned out Meridional when it was taken over by the Corporacion Bancaria had only paid off Pts.2.6bn. of the purchase price.

There has also been another instance this year of a small bank, Banco de Toledo, having been bought yet reverting to its original seller when the buyer was unable to complete the purchase. Such examples are typical of a system that is inadequately policed.

The new governor of the BOS has intimated both publicly and privately that he is determined to see the bank dressed with similar powers and independent prestige as other European central banks. The appointment itself is a hopeful sign. At 37 he is the youngest holder of the post, and the first for a long time with a thorough background of banking and economics. His previous job was Secretary of State for Economic Co-ordination and Planning, a department which also dealt with the BOS.

The BOS is now seeking to exercise stricter control over every aspect of the banking system, through tighter monitoring of balance-sheets, stricter criteria for the opening of branches, scrutiny of the relationships of shareholders, and an increase in the number and status of BOS inspectors.

The BOS statutes are to be altered. Considered vital i[n this] respect are new regula[tions] governing the independen[ce of] the bank, especially the [inde]pendence of the Board [of] Governors both from Go[vern]ment and business. The [BOS] hopes that these new [regula]tions will make it impossib[le for] senior bank officials to ho[ld a] position in private busi[ness or] banking that would res[ult in a] conflict of interests for [them].

CONTINUED ON NEXT PAGE

Savings banks poised for bigger role

IS a great paradox of the ...nish banking system that the ...ings banks, while paying ...e of the lowest interest ...es in Europe, have over the ...st two decades substantially ...eased the proportion of the ...ntry's savings they absorb. ...rthermore, in the current ...h inflation they continue to ...w faster than the banks. ...st year their deposits in...ased by 20.85 per cent., the ...ar before by 22.51 per cent., ...mpared with figures for the ...nks of 18.55 and 19.71 per ...nt., respectively. At the end ...last year they accounted for ...5 per cent. of deposits in the ...anish banking system.

Moreover, last summer's ...forms make it possible for ...em to develop their activities ...eatly. They can move into ...iscounting commercial paper ...foreign currency activities. ...d as the Government's ...ntrol over the use of their ...posits gradually diminishes, ...ey will be able to take far ...ore initiative, and obtain ...tter returns, both in lending ...d investing. Because of the ...lume of deposits they absorb ...is of great importance for the ...velopment of the Spanish ...onomy that they should do so.

...nate

However, they are approach...g their new opportunities ...ry cautiously. This is partly ...nate conservatism, and partly ...k of technical preparation in ...ganisations which up to now ...ve lived in a very uncom...titive world. But it is also ...e fear that, in modernising ...d becoming more like their ...vals the banks, they may lose ...ose distinctive elements ...hich they see as accounting ...r their past success.

Fundamental to the success of ...e savings banks is the fact that ...eir clientele are largely small ...vers. For over a decade, par...ularly since the early 1970s, ...e share of wages in Spain's ...tional income has increased. ...may seem surprising that ...ose small savers have not ...ved over more to the banks ...ce the latter have payed ...ve the legally fixed interest ...es, and the savings banks ...ve not. Their effective interest ...tes have been much lower. ...t these small savers have ...nded to remain loyal to the ...vings banks, partly because of ...her advantages but partly be...use they feel much more at ...me with them than they do ...ith the banks.

Probably the fact that the savings banks are non-profit making institutions, with social and benevolent works featured prominently in their declared objectives—if not so prominently in their activities—has something to do with this. Perhaps it is also relevant that they are not national organisations but can take deposits only in a single region or province. It is certainly important that they give many small loans, notably for housebuying and building, but also for other business and personal purposes, as well as conducting lotteries and distributing gifts.

Many small savers, particularly in rural areas and in smaller towns, still tend to regard banks as impersonal, remote and commercial, while feeling more at home with the paternalistic atmosphere of the savings banks. They also feel the latter to be absolutely safe—something which is particularly important, for example, in Catalonia, whose savings banks take almost half as much in deposits as those of the rest of Spain put together, and where the collapses of two great Catalan banks before the Civil War are not yet quite forgotten. Because of this sense that the savings banks are safe the current troubles of some of Spain's smaller commercial banks stand to benefit them greatly.

What worries many people in the savings banks is the prospect that in taking to the new competitive waters opened out to them they may lose the confidence of this traditional clientele. Doubtless there is an element of rationalisation in this. The process of modernisation is bound to be somewhat traumatic for the savings banks, given that until recently, they have hardly been competitive organisations at all.

For one thing, before last August's reforms, 69 per cent. of the savings banks' deposits had to be disposed of along lines laid down by the Government, at interest rates a long way below those prevailing in the free market. For the banks the corresponding figure was 31 per cent.

Of the 69 per cent., 40 per cent. was made up of public sector bonds, and to a progressively greater extent in recent years shares of certain large private companies. A further 22 per cent. was accounted for by "special credits," chiefly for housing but also for small industry and agriculture. Three per cent. was channelled to various State banks, and 6 per cent. was held by the Bank of Spain.

Rigid interest rate controls were also maintained on all transactions until 1974. In that year interest rates on transactions for periods above two years were liberalised. Rates for transactions for terms above a year were freed last summer but those on terms under this period remain controlled.

Such a degree of control hardly encouraged any great display of initiative in the disposal of the 31 per cent. of deposits which were not controlled. In fact the savings banks usually hold much more liquidity than necessary, keeping large sums with the commercial banks. The Government's conception of the savings banks was in fact very much as passive recipients of the savings of the masses.

Passive

On the question of the disposal of their resources the savings banks will have ample time to readjust. The percentage of "valores computables," having been reduced immediately by 2 per cent. last July, is falling by a quarter percentage point a month at present, a process which will continue until it reaches 22 per cent. The percentage of "special credits" will also be reduced by a quarter point a month until it falls to 10 per cent. This, however, will still leave the savings banks with substantially more of their funds controlled than will be the case with the banks, a situation they are anxious to see rectified.

Some of the smaller savings banks have already begun discounting commercial paper, but in general the larger, very conscious of their unfamiliarity with industry and with assessing industrial risks, are still studying the question. Many in the savings banks still stress that as collectors of family savings, they must take fewer risks than the banks.

A similar caution applies to foreign activities, although the Caja de Pensions, the largest of all the savings banks and the fifth largest financial institution in Spain, has already set up an international department.

Apart from their caution, the savings banks face another problem in moving into these fields of activity. Traditionally their staff work their way up the ladder in a single bank: it goes against the instincts of these institutions to modernise by taking skilled personnel from the banks.

Two further important measures relating to the savings banks were enacted. The first provided that 75 per cent. of new investments should be in their own regions. This measure is likely to have considerable effects in the less developed regions of the country, as one of the most resented aspects of the Government control of savings banks has been that it meant a decapitalisation of poorer regions in favour of the richer.

However, even here its effects will be somewhat reduced by the inclusion as regional investments of companies of the State-owned Instituto Nacional de la Industria and of the public utility Telefonica. For the savings banks of Madrid, the Basque country or even Catalonia 75 per cent. of investment generally speaking already goes on within the province. This appears true even in Catalonia, where the savings banks have been the channel through which a certain volume of funds has left the region.

The other important measure provided for a new system of election for the boards of the cajas, which hitherto had generally been recruited by cooptation. In future, 80 per cent. of their members will be elected by depositors from people selected by lot from among their number. A further 20 per cent. will represent local organisations of various kinds. The assembly thus selected will elect the board. This system, however, has only partially come into force as board members serve for four year terms. How it will eventually operate is hard to gauge.

The saving banks are facing, usually with some apprehension, a new and much more competitive world. However, they are under no immediate competitive pressure to move rapidly into it—although rising labour costs are eating into profits and the complete liberalisation of interest rates would probably do so still more.

As they are remain afraid of losing their distinctive identity, which they see as a key to their success, they are likely to test the water gently. If those who edge forward fastest do well out of it, the others may rush to follow. If not, the modernisation of this important sector of the Span banking system could take very much longer yet.

D.H.

The Spanish Prime Minister Sr. Adolpho Suarez meeting for the first time with his reshuffled Cabinet on March 2 last.

Supervision

CONTINUED FROM PREVIOUS PAGE

...o years after their tenure has ...lished.

At present the BOS is con...dered unhealthily close to ...th the Government and pri...te business interests. Such a ...uation is not surprising since ...is a legacy of its recent exist...ce as a central bank. Until ...62 is was effectively a private ...nk of banks.

Improving the status and ...thority of the BOS is only one ...pect of the problem. Sr. ...fael Termes, president of the ...wly formed Association of ...ivate Banks, believes that this ...dy can also play an important ...gulatory role. Through a ...rtly state-controlled institu...n, the Consejo Superior Ban...ria, it possesses the monthly ...lance-sheet of all the banks ...d through consultation with ...embers can exercise an impor...nt disciplinary role.

Meanwhile the Consejo exists ...act as a channel of communi...tion between the banks and ...e Government. One suspects ...at the banking community ...ould prefer to wash its own ...rty linen in private and avoid having a too powerful and active central bank.

Such increased monitoring of the banking system and greater control by the BOS cannot take place in a vacuum. At the moment there are enormous gaps in any system of control because existing commercial law and accountancy practice are grossly inadequate. There is, for instance, no coherent and comprehensive law regarding holding companies, a number of which—like Spain's largest, Rumasa — control banking interests. In the case of Rumasa its banking interests rank eighth in the country. There is also no apparent effort to curb insider dealing and loans to company directors or to monitor the real proportion of bank loans to companies in which the banks have equity interests and control through nominees.

Thus there is wide scope for sharp practice, asset stripping and the kind of activities of the British fringe banks in the late 60s and early 70s. Here again one will probably have to wait until some scandal or substantial fraud is uncovered before legislation is considered. Some argue that there are so many skeletons in the cupboard that the banking community as a whole, while realising the need for such legislation, is not prepared to see it introduced.

For instance, the introduction last December of a decree enabling the Ministry of Finance to inspect bank accounts for tax purposes was greeted with raucous protest. The more conservative bankers, especially claimed this was a breach of clients' confidence. However, the measure was introduced in the knowledge that the banks were being less than helpful to the Government by protecting clients from declaring the full range of income.

How successful such account inspection will be is questionable. Nevertheless, it is symbolic of a slow but pronounced move since the elections of last June towards making the banking system, so long the bastion of privilege and wealth, more accountable to society.

R.G.

Regional strongholds and institutions

THE CONSTITUTION that will be put to a referendum later on this year is likely to concede that even if Spain is one and indissoluble, the Spanish State is in fact an aggregate of nations and regions. Two of the three "historic nationalities" among the former group—the Basque country and Catalonia—have traditionally been the most important industrial areas of Spain, and it would be logical to find financial institutions in both areas that reflect this strength. However, the distinct paths of economic and political development in each area have led in the course of time to important differences.

In the Basque country the banks grew up in the shadow of the great steel and shipbuilding industries, which led necessarily to a concentration of *banking power. Catalonia's* wealth on the other hand was built fundamentally on the dispersed and frequently family-run textile industry, which threw up a banking system in its own image. There were two exceptions to this set-up—the Banco de Barcelona which failed following an unfortunate venture into D-mark speculation during the first World War and the Banco de Catalunya, which because of its links with the dictatorship of Primo de Rivera was left to collapse following a run on deposits after the triumph of the Second Republic.

This left easy pickings for outsiders, so that by 1950, the share of the Catalan-based banks in total national deposits plummeted to 2.86 per cent. During the same period the two main Basque banks—the Banco de Bilbao and the Banco de Vizcaya—controlled approximately 15 per cent. of national deposits. At present these two banks hold nearly 17 per cent. of total deposits—ranking respectively fourth with Ptas. 410.2bn., and fifth with Ptas. 311.3bn. Pesetas deposits—but *deposits collected within the* Basque country in 1976 (including the savings banks) amounted to only 8.21 per cent. of the national total. The two big Basque banks then are properly speaking national and not regional banks.

This relative weakness of Catalan finance capital throughout the post-war period goes some way to explaining the more integrated character of Catalan nationalism in comparison with the more fissile Basque variety, where the close association of the Basque bourgeoise with Francoism was a contributory factor in the growth of the radical nationalism of ETA, and the myriad revolutionary groups it spawned.

Thus the very weakness of the Catalan banks was a decisive element in their resurgence, which was further impelled by the expansion and diversification of Catalonia's manufacturing base, with the metal and chemical industries displacing textiles in industrial importance. With changes in legislation in 1962 providing for the setting up of industrial banks, the Catalan banks increased their share of national deposits from 4.37 per cent. in 1964 to 10.34 per cent. by the end of last year. Throughout this period, the Catalan-based banks grew at an average compound rate of around 8 per cent. more than other Spanish banks. In particular the Catalan share of total Spanish industrial bank deposits has grown to 24.97 per cent.

The relative decline in this sharp rate of growth evident in the past few years has been caused by several factors. The Catalan banks depend to a far greater extent on corporate deposits than do other Spanish banks, since the Catalan savings banks, traditionally the strongest in Spain, pick up the majority of private deposits. Secondly, in a high investment area importing funds from non-investing areas, the high cost of interbank money—particularly after the scare caused by the collapse of the Bank of Navarra at the end of last year—means that the proportionately more active Catalan banks are penalised. But thirdly, and most important for the future, comes the relationship between the Catalan and the national banks.

Ranking

The major Catalan bank is the Banco Atlantico, 12th in the national ranking table with Ptas.76.3bn. in deposits at the end of last year, a 16.9 per cent. increase on 1976. Following the Industrial Bank Union (with Ptas.63bn. deposits and in 16th place following a 14.1 per cent. rise on last year) comes the Banca Catalana, the bank set up by the family of Sr. Jordi Pujol, leader of the Catalan nationalist minority in Parliament.

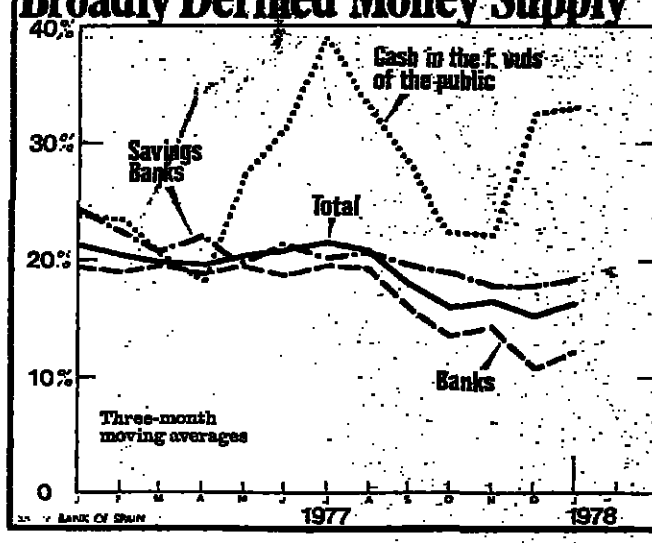
Banca Catalana occupies 17th place in the overall ranking with Ptas.58.3bn. deposits and an 18.6 per cent. improvement last year. However, taken as a group with its industrial bank BIC and its smaller affiliates, it would rank ninth overall, making it the largest concentration of Catalan capital. The independent Banco de Sabadell follows Banca Catalana in the national table, with Ptas.54bn. in deposits and a 23.1 per cent. growth rate last year. The smaller Catalan banks, prominent among which is Mas Sarda (26.0 per cent. growth last year to reach deposits of Ptas.23bn.) maintain high levels of growth but come a long way behind.

For a variety of reasons, the viability of many smaller Spanish banks is in doubt, with three failures in the past six months. At least three Catalan banks are thought likely for sale, and seldom a week goes by without an offer or rumour of an offer. The big banks are known to be shopping and will find much to attract them in Catalonia. Moreover, the system as a whole is entering a period of qualitative consolidation after the stampede and easy profits of the Francoist era, and in anticipation of the eventual arrival of the foreign banks.

The arguments in favour of a Catalan-based consolidation—ranking aside—are fairly clear. The resultant economies of scale at a time when outside banks are opening more and more offices (Barcelona province now has more bank branches than Madrid province) would provide a clear advantage. Secondly, the Catalan banks can no longer rely on regional sentiment for a continuing increase in business, having had it demonstrated to them how easily interlopers can acquire a "Catalanist" veneer.

Opinion is divided between those who see an urgent need for consolidation and those who believe that the Catalan banks have already missed the boat following the taking of a 27 per cent. share in the Banco Atlantico by the Madrid-based Rumasa group, followed by two incursions by Banesto among the smaller Catalan entities. Nevertheless, a concentration of Catalan banking expertise, backed by the Catalan savings banks, whose deposits far outstrip the largest national bank, would lead to a formidable assembly of banking power, on local projects and i[n] international field.

Broadly Defined Money Supply



The Catalan savings hold deposits of Ptas.68[…] representing nearly 30 per[…] of all savings banks de[…] The Basque country's ho[…] in savings banks amount[…] more than 12.5 per cent. have grown considera[…] their present level of [..] Ptas.250bn., amounting [..] per cent. of total B[…] deposits. Hitherto the d[…] ment of nearly 30 per ce[…] commercial bank deposits[…] 69 per cent. of savings [..] deposits was controlled b[…] Government. The loweri[…] these "co-efficients of oblig[…] investment"—in the cas[…] the savings banks by gr[…] reductions which will tak[…] total to 35 per cent. by 1983—will progressively [..] them with more and [..] money on their hands. [..] they distribute it will b[…] important factor in dete[…] ing the future of Ca[…] development.

Under the previous s[…] nationalists constantly de[…] this draining-off of funds [..] they saw as extorted for[…] greater good of Mad[…] development—or worse, fo[…] maintenance of Andal[…] feudalism. However, the st[…] increasing proportion of [..] private companies among[…] companies in which oblig[…] investments can be made[…] meant that it is now easie[…] savings banks to concen[…] their investments in their[…] areas. The large Catalan[…] ings banks say that last [..] mer's decree on the region[…] tion of their investments[…] had little effect on [..] activities.

But the Basque and Ca[…] banks invest heavily in [..] own regions, both for [..] economic reasons, and in[…] Catalan case by deliberate[…] marking of funds (the por[…] varies from bank to bank, 20-30 per cent. is a w[…] quoted figure), possibly to[…] detriment of their custo[…] elsewhere. The Bank of Bi[…] and Bank of Vizcaya are[…] mated to employ some 60[…] *cent. of their funds locally.*

The Caja Laboral Popula[…] which the Mondragon [..] operatives are based, is[…] only bank in either area b[…] solely on its region. [..] deposits now in excess of [..] 1.5bn. and having cre[…] 16,000 jobs, it is also the [..] that pioneered detailed [..] search into the Ba[…] economy.

David Gard[…]

Better credit access

FOR THE first time a serious attempt is being made to reduce the level of government control over the funds of the banking system. Unlike its counterparts in other industrialised countries the Spanish Government has traditionally obliged the commercial banks and the savings banks to set aside an exceptionally high proportion of deposits for State-selected investment, in addition to that portion normally placed with the Bank of Spain. This practice has been *known as the "privileged circuits"* because of the privileged position of the recipient, who obtained funds at rates of between 4.5 per cent. and 6.9 per cent.

Ratio

Until last July the commercial banks were having to earmark 25 per cent. of total deposits for this form of privileged finance. In the case of the savings banks, which hold 30 per cent. of total deposits of the banking system, the ratio escalated to 69 per cent., while for the 24 industrial banks it was 17 per cent. This practice grew out of the need to channel funds to heavy industry and the public utilities at a time when the Spanish economy was beginning to industrialise quickly. But in latter years it has been abused and proved increasingly anachronistic.

The most negative effect was to increase the cost of credit in the market-place, which in turn tended to be to the detriment of the small and medium-sized companies which had no access to the priviliged funds, particularly since Spanish industry is primarily made up of such companies. It also encouraged the continuance of official control of interest rates with the corollary that special under-the-table premiums were offered to attract depositors.

Attention was first turned in July to liberalising the controls on the percentage the savings banks had been previously obliged to set aside. There was an immediate cut of 6 per cent. and then a more gradual reduction so that by 1983 the savings banks would be contributing only 35 per cent. of deposits. Reductions in the percentage set aside by the commercial banks did not begin until January this year. This is now being done on the basis of a quarter of a point every two months, so scaling the ratio down to an eventual 21 per cent.

To the outsider this might seem an excessively gradualist approach to liberalisation. However, the privileged circuits have become so ingrained that to move any faster would endanger the equilibrium of the credit structure, officials argue. Perhaps more important, those companies in industry which benefitted most, such as steel-makers, are precisely those most affected financially by the current recession.

By seeking to reduce the significance of this cheap privileged credit, the authorities have *also* been able to realign the overall interest rate s[…] ture. The return on this [..] credit has been raised [..] at the same time the o[…] credit institutes like the [..] gage Bank or the Farmers [..] will shortly be made to [..] up to one-third of their c[…] needs on the open market. [..] in turn has diminished the [..] tice of illegal premiums [..] deposits. However, it woul[…] idle to pretend interest [..] have been fully liberalise[…] that the efficacy of these lim[…] measures can promote a [..] market orientated system.

R[…]

هكذا من الأصل

Foreign banks wait for green light

...REPRESENTATIVES of ...eign banks in Madrid are, as ... of them put it, suffering ...m "metal fatigue." For al... two years they have been ...ting for the decree permit...g the opening of further ...eign bank branches in Spain, ... rumours were rife before ...ristmas that its publication ...s imminent. Nothing has ...ppened however, and a ...rtain exhausted scepticism ...ets Spanish officials' current ...k of a decree "before the ...mmer."

At the same time the foreign ...nks are worried that not only ...ght the capital requirement ...allow them to open be pro...itive but that certain other ...strictions — for example on ... amount they can lend to ...single client—also make it ...ult for them to do the kind ... business they want to in ...ain. Many are doubtful about ...w much new business they ...ld at the moment find in ...ain, even were their ...ivities unrestricted, and are ...n increasingly wondering ...ether they want a branch at ...

The authorities delay over the ...ree is not now the result of ...y opposition to the admission ... foreign banks in principle; ...s is accepted both as part of ... liberalisation of the ...nomy to which the Govern...nt is committed, as the con...mitant of the rapid expansion ... Spanish banks abroad, and ...o of Spain's heavy foreign ...rrowing needs. But there is ...le positive enthusiasm for it, ...d the Economics Ministry, ...ose responsibility it is, has ...ny more urgent tasks.

Further delay has also been ...sed by the recent reshuffle ... the Economics Ministries. At ... same time, while Spanish ...nkers also accept the measure ... principle, some are still ...ping for very tough condi...ns, and the Economy ...nistry, given the economic ...wer the banks retain, is ...ious not to provoke their ...ceptibilities.

When it comes the admission ... foreign banks to Spain is ...ely to be a phased process, ...h only a limited number of ...plicants let in at first. Not ...r short of 50 foreign banks ...ve expressed interest in ...ming to Spain, and despite ...e growing cynicism of foreign ...nkers, it is likely that the ...mber of applications finally ...de will substantially exceed ...e ten or so the Spanish ...thorities contemplate as first ...trants. A calendar is likely ... be set—either overtly or just ... administrative inertia—with ...e banks to be let in at a given time being decided on the basis of their position, reciprocity with the country from which the bank comes, the need for the currency of that country and the bank's past dealings with Spain.

If a number of foreign banks may thus find their hopes dashed when the decree finally appears, it looks as though its conditions will be rather less harsh than many of them have feared. There has been prolonged argument about whether the capital requirement for foreign banks should be Ptas.750m. (£5m.)—the actual capital requirement for Spanish banks—or Ptas.1.5bn. (£10m.), which is the combined capital and reserve requirement for home banks.

Probable

Although Economics Ministry officials say that they have not yet taken any definite decision on this, the lower figure now appears overwhelmingly probable. A Ptas.1.5bn. requirement, in fact, would drastically limit the number of foreign banks applying to enter Spain. Not only do a large number of them believe that they could not operate profitably with this figure, but the Federal Reserve Board would almost certainly not let the U.S. banks pay it. It is thought that this latter fact has been communicated to the Spanish Government by the U.S. Embassy in Madrid.

Two restrictions which have worried some foreign bankers are likely to be rather less of a problem than had been feared. The first is the prohibition on Spanish banks from lending more than 2.5 per cent. of their deposits to a single client. For foreign banks which are interested essentially in wholesale banking with a very limited number of multinational subsidiaries or large Spanish companies, this could be a very problematic restriction. The second is the Bank of Spain circular 3DE, which restricts foreign currency dealing, which could be highly profitable for foreign banks.

The Spanish authorities are cetrainly unlikely to give foreign banks a general exemption from these controls. But the four which have been operating in Spain since before the Civil War in Spain have frequently been allowed to exceed the loan ratio, and exemptions have also been granted on foreign currency dealing. The Bank of Spain is prepared to relax the restrictions for foreign banks where it is considered appropriate, though these may still feel that it renders their operations uncomfortably subject to the control of the Bank. Meanwhile, restrictions on guarantees, letters of credit and similar kinds of foreign trade business, originally called for by the Spanish banks, are not likely to be included in the decree, according to the Economic Ministry.

The other crucial restriction on the activities of foreign banks in Spain will be that on the proportion of their activities which can be carried out in pesetas. The precise figure has not yet been decided, according to the Economics Ministry, and might even perhaps be a little higher than the 20 per cent. of the combined value of loans to Spanish companies, securities, and the *coeficiente de caja*, the share of deposits which Spanish banks have to keep with the Bank of Spain, which has been the most widely canvassed percentage.

However, this restriction, tight as it may appear, may in fact turn out, for the time being at least, to be acadamic. Many Spanish officials and foreign bankers doubt whether the foreign bankers will be able to get hold of even as many pesetas as they are allowed to use. Although there is rather more liquidity in the Spanish economy than had been expected a few months ago, it is still far from abundant. Spain's primitive interbank market is almost completely useless as a source of funds. It is extremely small, and as its chief function has always been to allow the banks to meet their legal cash requirements on the days when they must legally show they can do so, its interest rates oscillate enormously.

Foreign banks may be able to get some pesetas from Spanish banks in return for lines of credit in dollars. Maybe some of the smaller banks, or the savings banks, many of which still have ample liquidity, can provide pesetas. Maybe some can be obtained from industry. But certainly for the time being, until the Spanish credit squeeze is relaxed, it is likely to be hard for the foreign banks to obtain pesetas. This is likely to mean that most of the fears that Spanish bankers have had about the competition foreign banks' entry will provide are likely to turn out unrealistic.

In peseta business the foreign banks are likely to provide little competition, with their activities restricted to a substantial extent to the servicing of subsidiaries of existing multi-national clients. Meanwhile, although there will be opportunities in foreign trade financing and foreign currency dealing, the foreign banks already dominate in the provision of large foreign currency loans to Spain and to Spanish business, and it is doubtful whether this domination will be increased through having branches, as distinct from representative offices.

Thus the actual threat to Spanish banks is small, as are the likely immediate effects on the Spanish banking system; foreign banks may provide some stimulus to the modernisation of the banking system's methods, and might provide some stimulus to the development of the interbank market, though this is rather less likely. And just as foreign banks are unlikely to make any dramatic inroads on the business of their Spanish counterparts, so also are they unlikely to find any immediate large-scale opportunities for profit—particularly as the overheads of a branch are substantial.

For U.S. banks in particular, given the fall in the dollar, setting up a branch would now cost more than it would have last autumn, reinforcing the mood of pessimism. One U.S. banker, for example, commented bitterly: "Why can't we go on as we are, making money?" Even Manufacturers Hanover, traditionally regarded as one of the foreign banks most enthusiastic about entering Spain, now says the longer a decree takes the better, and is doubtful about how a branch will help them make money.

That said, however, when the decree finally does come a substantial number of foreign banks are likely to apply. For one thing, once one of its competitors comes in, a bank may well feel that it needs also to be able to provide a service for its existing clients in Spain. For another, some banks if tapped on the shoulder by the Spanish authorities, may feel they have to go in. But there is also the background fact, for those who have confidence in the long-term economic potential of Spain, that it is probably worth being in now in the hope of better things later. Restrictions on foreign banks' operations may gradually be lifted—and if a large number of banks do want to come in, it will be those in first which will catch the largest share of the business to be got out of having a branch in Spain.

D.H.

Increased export credit

...SPITE THE reassuring ...wth in exports and the ...provement of the Spanish ...de balance last year, difficul...s with the balance of pay...nts threaten to be one of the ...jor constraints faced by ...ain in returning to the rapid ...wth of the years before the ... crisis. The country's ...onomy has not adjusted to ...e change in the terms of trade ...at crisis imposed; conse...ently it now faces the urgent ...ed for a massive transfer of ...sources into exports.

As one measure to help this ...ocess the Spanish Govern...ent has announced a sizeable ...crease in the volume of new ...port credit to be made avail...le to industry this year. From ... year's figure of Ptas.96bn. ...is to rise to Ptas.125bn. ....6bn.) a rise not far short ...30 per cent. in money terms, ...d substantial in real terms. ...the process the Government ...ll further encourage the ...owing domination of export ...ance by the Banco Exterior ... Espana, a State-controlled ...ganisation funded partly by ...e deposits it collects but also ... an increasing extent by ...nds provided directly by the ...stituto de Credito Oficial.

Thus funds provided by the ...stituto de Credito Oficial to ...e Banco Exterior are to be in...eased from Ptas.17.6bn. last ...ar to Ptas.40bn. Out of its ...n deposits, meanwhile, it is ...pected that the bank will pro...le rather less—30 per cent. of ...ich must be devoted to export ...edits — Ptas.9.5bn. of new ...edit, as against Ptas.11.3bn. ...st year. And at the same time, ...ecial lines of credit from the ...nk of Spain, which last year, ...ovided Ptas.25bn. of export ...ance, are to be discontinued ...is year.

Meanwhile the important con...bution to export financing ...ich the private banking sector ... obliged to make available through the "privileged circuits," at preferential rates of interest, is to be somewhat increased and substantially redistributed. Thus the banks themselves, which last year provided Ptas.42.3bn. for exports, this year will provide Ptas.25bn., presumably because of slower anticipated deposit growth. However, the savings banks, which take almost a third of the deposits in the Spanish banking system, are to have to devote 1 per cent. of them to export credits, which will provide some Ptas.28bn.

Another source of export finance to be tapped by the Government will be the utilisation of part of the $295bn. IMF credit agreed two months ago. The Government intends to use some Ptas.9.6bn. from the IMF credit —the part made up of the fund's compensatory finance facility. The Government is also pledged to raise Ptas.12.9bn. by other means, which could be via the assistance of foreign banks or through domestic debt issue.

Since 1971 the total volume of export credit provided in Spain has risen by almost 300 per cent. in money terms, from some Ptas.74bn. to around Ptas.287bn. Over half of this growth has been accounted for by the development of the activities of the Banco Exterior, which began providing export finance in 1971. Having provided a mere 10.8 per cent. of export credit in that year, its share has steadily expanded to 46.9 per cent. last year. At the same time, beginning in 1973, a progressively larger share of its credits has been provided from funds made available by the Instituto de Credito Oficial, which last year provided just over half of the resources it used in export credit. Further funds have also occasionally been provided directly by the Bank of Spain to the Banco Exterior, in periods when the demand for export credit has exceeded the combined resources made available from the Banco Exterior's own deposits and from the Instituto de Credito Oficial.

Meanwhile other credits provided by the Banco de Exterior and the Banco de Credito Oficial have diminished steadily to nothing, and the bank ceased giving new credits when the Banco de Exterior began operating in the field in 1971. Credits from the private banks rose to account for a peak of 72.8 per cent. of total export credits in 1973, before starting a steady decline which took their share to 52.1 per cent. of the total last year.

Generally speaking the private banks prefer, in the export field as elsewhere, to deal in short-term credits. With the development of Spanish trade, however, there has been a growing demand for more long-term credit and more sophisticated financing. This development has been particularly reinforced by the growing importance of exports of capital goods and manufactured products for Spain.

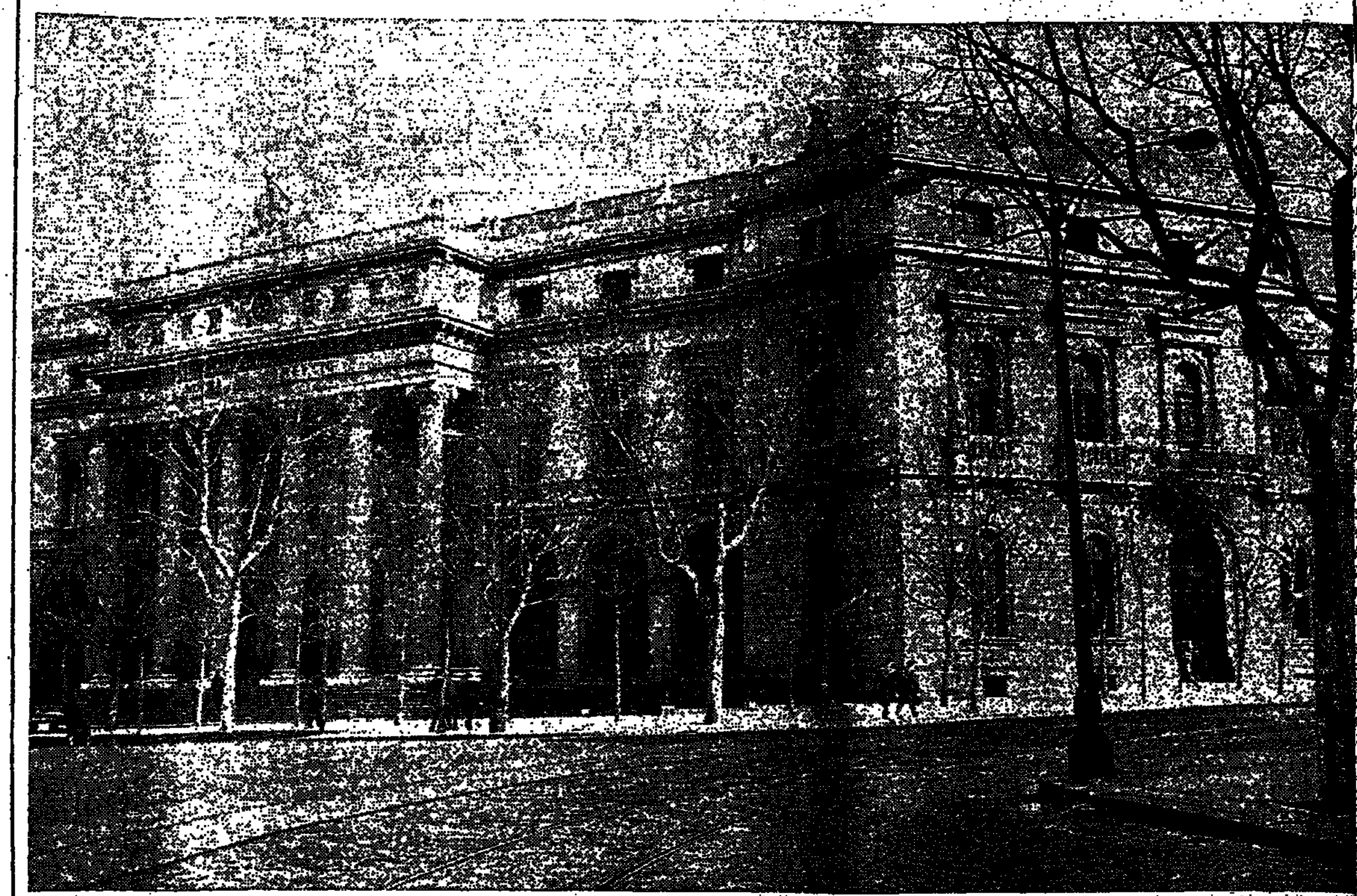
Thus the Banco Exterior has become progressively more involved in buyers' credits, making loans for sums over Ptas.50m., either to foreign buyers direct or more usually to foreign public financial institutions. When the Banco Exterior started giving buyers' credits in 1976, they accounted for 2.5 per cent. of its credits. Last year they accounted for 30.8 per cent. of operations. Circulating capital credits—accounting for 32.2 per cent. of credits—were still ahead but these credits are likely to continue falling in relative if not in absolute terms.

Interest rates on export credits provided in Spain are not only very considerably below those prevailing on the free market but are also slightly below the general average figure for the EEC, according to officials of the Banco Exterior. For example, bank credits for perods for two to five years for exports to developed countries pay a maximum of 7.75 per cent. Credits for circulating capital for exporting companies pay a maximum of 8 per cent. At the same time, in medium- and long-term credit, the percentage of exports financed at preferential rates of interest is now coming close to the percentages for countries in the EEC. At the same time, it is worth noting that circulating capital credits for goods to be exported, which are not granted at preferential rates of interest in the EEC, are so granted in Spain.

D.H.

EXPORT CREDIT IN SPAIN
(Ptas. bn.)

	1971	1972	1973	1974	1975	1976	1977
Private banks	42.5	52.8	61.2	74.8	79.2	107.3	149.6
Banco Exterior							
1. from own resources	8.0	11.4	12.3	15.4	20.6	28.5	39.7
2. from Instituto de Credito Oficial	—	—	1.4	12.8	26.0	52.3	69.9
3. Bank of Spain subvention	—	—	—	—	15.1	—	25.0
Total Banco Exterior	8.0	11.4	13.7	28.2	61.7	80.8	134.7
Other official credit	23.2	10.6	9.1	6.9	5.6	4.3	3.0
Total	73.7	74.8	84.0	109.9	146.5	192.4	287.3



The Madrid Stock Exchange.

Stock market plays a minor role

AS A source of long-term capital for the private sector, the Spanish stock market has played at best a supplementary role. In recent years the volume of trading has tended to compare favourably with that of many other European bourses; but this masks the dominant roles of the banks, and of State-directed credit through the so-called "privileged circuits," in the financial system. Moreover, as the Cinderella of the system, the stock market's occasional outings to the ball have all too frequently found it caught unawares at the stroke of midnight, creating an attitude of circumspection among investors.

The dominant role of the banking system in the Spanish capital market can be seen from a look at the sources of external revenue in the private sector. Official credit has played a gradually less important part, dropping from 17.1 per cent. in 1976 to a low of 1.4 per cent. in 1972, then climbing again to reach 8.8 per cent. in 1976. The banks and savings banks' contribution has been consistently large. In 1966 they provided 51.7 per cent., in 1970 61.1 per cent., and in 1976 72.3 per cent. Meanwhile, the stock market provided 31.2 per cent. in 1966: 34.9 per cent. in 1970; and in 1976 only 18.1 per cent.

If however, the shares and fixed interest securities picked up by the banks, and particularly in recent years the savings banks, are subtracted from the market's contribution, the overwhelming dominance of the banking sector becomes clearer. In 1970 it provided 73.8 per cent. against the rest of the market's record 22 per cent., while in 1976 the banking system provided 84.9 per cent. with *the rest of the market's portion* dropping to 5.5 per cent.

In absolute terms, the stock market's share of new capital going into the private sector has increased from Pts.52bn. in 1966 to Pts.101bn. in 1970 and Pts.225bn. in 1976. But its relative share has remained small, and has further declined sharply in the present crisis. Total volume of equity trading on the market has been small: Pts.62bn. in 1975, Pts.78.5bn. in 1976 and approximately Pts.67bn. in 1977.

Dropped

The index during this period has dropped 50.8 per cent. Meanwhile there has been a massive fall of some $26bn. in the value of shares quoted since the present crisis began exactly four years ago, leaving the capital value of quoted shares presently around $7bn. Many companies have seen the value of their shares fall by 90 per cent., while turning in broadly similar results throughout the four-year period.

Spain has stock exchanges in Madrid, Barcelona and Bilbao, its three most important industrial centres, which account respectively for about 62 per cent., 26 per cent. and 12 per cent. of the business conducted.

Between 1967 and 1970, when Spain operated a relatively restrictive monetary policy, the stock market began for the first time to act as an alternative supplier of capital to the banking system. However, apart from the obstacles presented by the cumbersome system of share redemption, backward procedures for accounting, low interest rates and the monopoly of the fixed security market by *the carmel banks and other* institutional investors, the main problem remained the thinness of the market as a whole.

Though the number of quoted companies has risen from 78 in 1964 to 710 by the end of 1977 the ten largest companies account for 61 per cent. of total capitalisation, and the three largest (Iberduero, Telefónica and Banco Central) absorb over 20 per cent. Less than half of the 300 largest Spanish companies are quoted on the market, while only 11 per cent. of quoted shares are the object of regular trading.

The greater—though by British standards still small—degree of information disclosure required of quoted companies has kept many companies away from the stock market. It is a disincentive to companies accustomed to maintaining two or more sets of books, as is also the fear of loss of control over the company's affairs. On the first point, the reported decision of one of Spain's major banks to have its accounts externally audited for the first time, and the likelihood that the other banks in the "Big 7" will follow suit, may signal the beginning of an important trend. Furthermore, the commission appointed by the Government to report on the stock market — which finished its work last week and leaks from which are now beginning to filter through—is likely to recommend equal fiscal treatment for quoted and unquoted companies.

With its present structure the market is easily manipulated and large transactions have nearly always caused wide price fluctuations. The most spectacular cases in the market's recent *history were in 1944-47,* led off by the booming construction companies and in 1956-57, led by the electrical companies. Both bubbles burst, driving potential investors away for long subsequent periods.

A similar occurrence was avoided in March 1970 by the timely intervention of the Bank of Spain. Liberalisation measures had helped to build a modest secondary market and develop new instruments, crucial among which were the unit trusts. Combined with the appearance of profesional services providing more—and more reliable — information, unit trusts found ready acceptance among the investing public, which put Ptas.33bn. on their portfolio in the two years to 1968. But again speculative euphoria devalued these new instruments, which lost 40 per cent. of their value in the year to March 1970, when the Bank of Spain raised interest rates and enforced a minimum of 10 per cent. liquidity against reception.

Onset

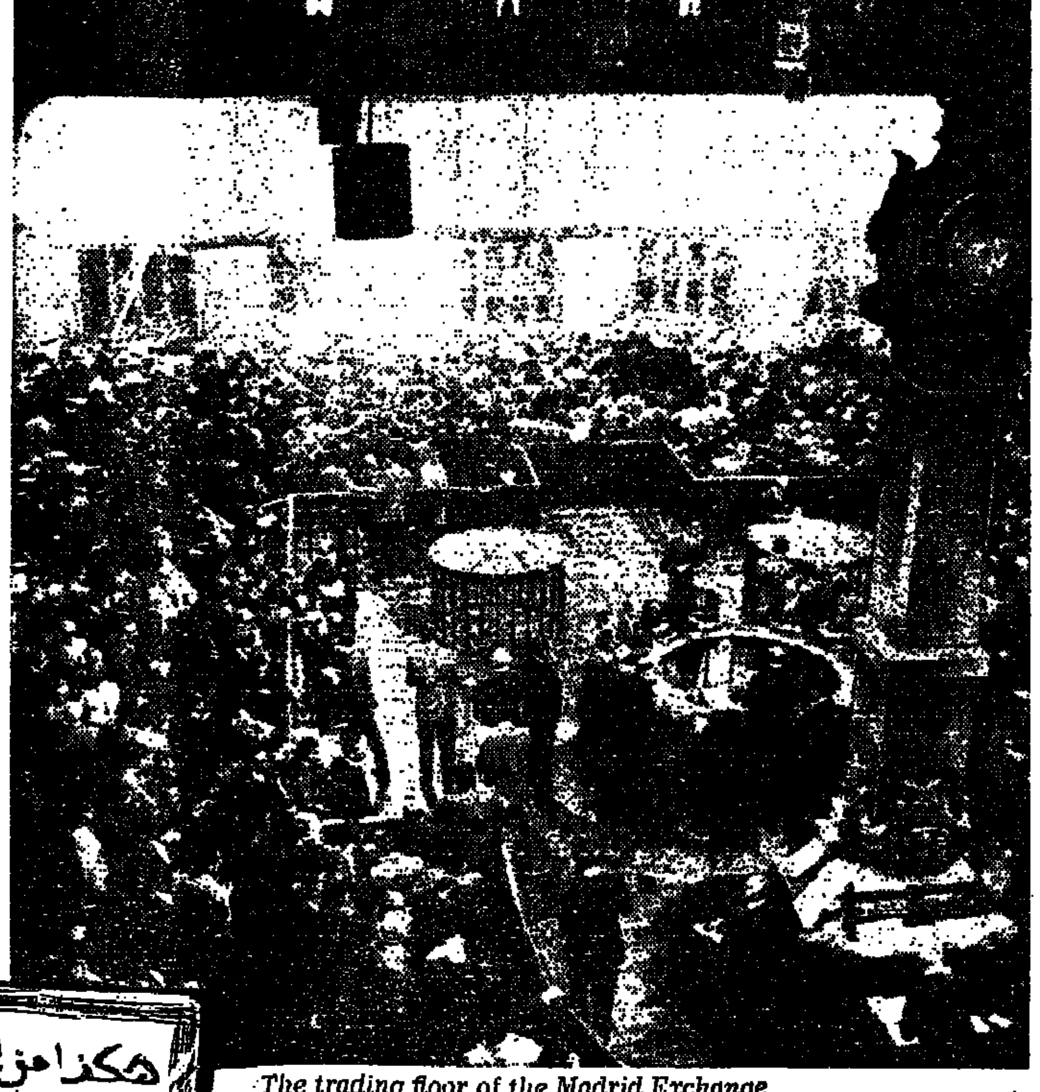
Nevertheless, the unit trusts, *the development of closed-end* and mutual funds, and the steady growth of the insurance companyies had combined to flesh out the market, interlocking it with the rest of the financial system until the onset of the present crisis.

Since then the number of companies raising finance on the stock market has declined markedly. Figures for Barcelona show 107 companies last year, against 165 in 1976. There looks like being an even more substantial drop this year with only 14 companies having so far taken the plunge in what is normally a peak period. The precipitous fall in the share values of many companies follow[...] announcement of a rights is[...] has made the operation [...] quently worthless. Since cap[...] issues in Spain are carried [...] at par, both the equity and fi[...] interest markets are depr[...] of the competitive edge of [...] counting.

From the market standpo[...] private investment has tend[...] to base itself more on fash[...] than analysis. But this d[...] not fully explain why previo[...] inflated price/earnings ra[...] are now so artificially low. [...] strictly financial terms [...] government may, for examp[...] annoy the investor by limiti[...] the yield on bank shares, but [...] the other hand the fall in in[...] tion as a result of its polic[...] now begins to make hithe[...] unappetising shares — [...] moderately attractive. But ag[...] the investor prefers to w[...] until the fall touches botto[...] This is true of the foreign [...] vestor as well, now th[...] repatriation laws are easier, [...] he has to think in addition [...] a possible future devaluation [...] the peseta.

It is uncertainty about t[...] future that provides [...] decisive element in maintaini[...] the present prostration of [...] stock market—uncertainty abo[...] the fiscal reform, the new co[...] stitution, and, as can [...] observed from the vehemen[...] with which employers ha[...] greeted proposed legislation [...] worker participation, abo[...] labour relations. One of Spai[...] most widely read market co[...] mentaries recently tried to [...] its readers out of this attitu[...] of watching and waiting, by [...] producing chunks of a satiri[...] novel in which the stock mark[...] had declined in importance [...] the same level as the stamp [...] dustry, with shares bartered f[...] their curiosity value.

David Gardn[...]



The trading floor of the Madrid Exchange.

Muddle and uncertainty for the disabled

E OF the priorities of the British Government should a re-examination of the fare state from top to tam. In a more satisfactorily ctioning democracy such a ssessment might be the ject of a pre-election debate ween the major parties; but re is little chance of that m what has become an llectually sterile Labour ty or a Conservative Party ose current pre-occupation h essentially bogus pro- uncements on immigration l law and order appears to ve trapped its leaders in an ellectual straitjacket.

There is, however, room for pe that a serious new look the welfare state might be empted after the election, if ly because the conflict ween the real needs of the rse off among us and the itude of the rest of us to ying taxes is now so patently maging to our society.

This conflict has always been th us of course, but in times en output is growing its ects can be minimised. To- y, after a third of a century use and development of the cial security system designed ring World War II it would any case be reasonable to pect a need to reconsider the chanics of what has become rusty old machine, with so any makeshift repairs and ts and pieces added here and ere that it has become too mplicated for anyone to derstand. Because output is t growing the need to start gain with a blank piece of aper is even more pressing.

The latest piece of evidence indicate this comes in a new port from the Economist telligence Unit*, which sets ut in detail the contradictions and imperfections of the existing system of cash benefits and related provisions for intrinsically handicapped adults and their families.

Some 3.5m. people fall into this classification and their numbers are likely to grow as medical science keeps people alive longer, or enables more handicapped babies to survive birth and early childhood.

The EIU report is not in itself an objective distillation of the results of pure research. In many passages it reads like back-up material for the *Disablement Income Group* rather than a cool piece of analysis. Its fundamental message is that the handicapped—from the blind, through people suffering from crippling diseases to disabled housewives—do not receive the benefits and assistance from the rest of the community that they need or ought to be given "as of right."

Crusading

Yet the facts in the report constitute such an overwhelming indictment of the existing system that its sometimes crusading tone ought not to detract from what it has to say.

It lists no fewer than 55 different possible central government benefits available under the welfare system, some of them specifically intended for handicapped persons and others generally available to all who endure an income below a set official minimum.

Some of these overlap and cancel one another out. Some appear to be available from a single Ministry—for example, the Department of Health and Social Security—but from the point of view of the recipient must be claimed or collected from a bewildering number of different offices and agencies.

Thus the *Mobility Allowance* is assessed by a central DHSS unit but paid through a local DHSS office, or it may be that only a local office is involved (invalidity benefit), or that only a specialist department (artificial limbs and appliances) has been involved. Alternatively the Supplementary Benefits Tribunal with its own network of appeals tribunals may be involved: again, the case may be nudged over to a local authority social services department.

Every separate organisation and local office will operate under a different set of rules. Each one will require personal documents such as pay slips, rent books, birth, marriage or medical certificates or bills and accounts. Some want them on a weekly basis, some monthly, some annually.

It is hardly surprising therefore that the EIU reports that for some benefits the "take-up" is far lower than the number of possible claimants suggests that it should be, or that there are several apparently intolerable injustices built into the system.

For example, war or industrial injury payments are tax free and so are sickness and invalidity benefits. Mobility Allowance is taxed but Attendance Allowance is not. Two people with the same handicap will each receive different benefits from the State according to the classification of who they are and how the disability was incurred.

Inevitably, in such a tangle, *a new profession*, that of "Welfare Rights Officer"—or in plainer language social security broker—has emerged. Any system that develops a need for professional interpreters of this kind is clearly not the simplified but effective safety net that Beveridge imagined he was designing during the war.

Much of this has been clear for some years. What has not been so well known is that all piecemeal attempts at reform—including some of the most well intentioned new legislation of recent years—have so far failed to resolve the central contradictions and muddle of the system. Indeed, as the EIU points out, in a piece of genuinely fresh reporting, the Chronically Sick and Disabled Persons Act of 1970 may have seemed at the time like a new *charter for handicapped people*, but has in fact possibly done more harm than good by encouraging the supplementary benefits offices to pass clients to the inefficient and under-financed local authority offices. At the same time passage of the Act may have given the impression that all possible has now been done for the handicapped. This is clearly not the case.

The principal remedy proposed by the EIU is "a new Beveridge" which is highly desirable, so long as its terms of reference do not restrict its inquiries to the provision of cash and other help to the handicapped. For most of what the report has to say applies to the Welfare State as a whole *and is not restricted to those* among its clients who are handicapped. The tangle, the overlaps, the injustices are part of the experience of those who are assisted because they are poor or living on pensions or are ill and need the services of the NHS.

It is true that the NHS has a Royal Commission looking into its future. It is also true that there has been a investigation into the workings of the supplementary benefits system. But the trouble with both of these—as with any "new Beveridge" for the handicapped as a distinct clientele—is that in each case the real overlap is one of principle. Until general principles of welfare affecting all classes of recipient are *established* the muddles and inefficiences described in the case of the handicapped by the EIU will persist.

The reason why principles are so important can be seen at once by considering the *EIU's proposal* that there should be a tax free allowance for "the additional expenses of disabled living" as well as a taxable "benefit as of right to handicapped people which would provide a reasonable income."

Before accepting recommendations of this kind it is necessary to work out which principles contemporary society regards as correct. It is not a matter of dodging the cost—if *the principles are established* the eventual net cost may be *higher than it is to-day. But, as* the EIU itself seems to accept, a sensible budget must be worked out (nobody really knows what is being spent on the handicapped and disabled at the moment) as part of the re-assessment exercise. Before such a budget is possible it is necessary to set down the principles upon which it would be based—and that would apply to all beneficiaries including the handicapped.

Thus a payment for "*additional expenses of disabled* living" begs the question of the *difficulty of defining the degree* of disability which most people would regard as qualifying a claimant for such a payment. Most people would want to finance guide dogs for the blind but there may not be a majority in favour of payments for some one who has a doctor's certificate to indicate that his or her bad back makes it impossible to *continue with manual labour.*

This is not a fanciful distinction: in the Netherlands the welfare system has come under severe attack because of a widespread belief that too many people in the latter category have benefited from it. Again, there may or may *not be widespread acceptance* of the idea that means tests should be abolished, *but* the means test everyone puts up with—that is, the tax system—might be thought by some people to be suitable even for judging entitlement to a general disablement cost of living grant.

If this sounds hard, consider *the alternative. Further growth* of a system of welfare without regard to principles which most people find acceptable is likely to bring the entire system into the disrepute that has been so graphically recorded by the Chairman of the Supplementary Benefits Commission. At the end of the day all those in need suffer from such a trend in opinion.

What is really required—perhaps in order to extract more from taxpayers in the end—is a *sound basis of rational support* for a new welfare structure. This should be placed on the firmest foundation of them all—*general acceptance that what* is proposed is just. It is in order *to find* that general acceptance that we need "a new Beveridge," for what has been lost since the reconstruction years immediately after 1945 is precisely the national consensus upon which alone any future Welfare State can safely rest.

**Whose Benefit? Uncertainties of Cash Benefits For the Handicapped; Economist Intelligence Unit; £6 (£3 for disabled people and charitable organisations).*

Joe Rogaly

CASH BENEFITS IN STUDY OF PROBLEM AREAS

(From analysis of DIG case files from 1970)

Social Security benefits	War and Industrial Injury benefits
Cash 'as of right'	
Sickness Benefit	War Injury Pension
Earnings-related Supplement	Industrial Injury Pension
Invalidity Pension	Unemployability Supplement
Non-Contributory Invalidity Pension	Invalidity Allowance
Retirement Pension	Special Hardship Allowance
Old Person's Pension	Hospital Treatment Allowance
Invalid Care Allowance	Constant Attendance Allowance
Attendance Allowance	Exceptionally Severe Disablement Allowance
Mobility Allowance	
Hospital Pocket Money	
Means-tested cash	
Family Income Supplement	Although not specific to people with disabilities, Unemployment Benefit, Widows' Pensions and payments from the Family Fund were also sometimes involved
Rent Rebate	
Rate Rebate	
Supplementary Benefit	
Heating Allowance	
Diet Supplement	
Laundry Allowance	
Clothing grants	
Other extra-needs payments	

Source: Economist Intelligence Unit

Letters to the Editor

Bureaux de change

rom the Chairman, tibbe Eurochange Port of Dover

Sir,—I was amused to note the omments (April 21) made by fr. J. A. Jorden, the marketing anager of Chequepoint Ser- ices.

Small though the town of Dover may be, it is one of the most important ports in the ountry, through which pass pproximately 8m. visitors per ear. My company operates the nly authorised bureau de hange in Dover outside the ock area. I can assure him I ave yet to meet anyone who is only too pleased" to part with per cent. when cashing a heque. We charge a flat 25p nd I consider a charge of 4 per ent. to be excessive.

I can assure Mr. Jorden that t is perfectly possible to not nly survive but to thrive, by ffering official bank rates. urthermore, I would add that rom my frequent trips to ondon, I am familiar with one r two of the bureaux de change urrently operating in the area, nd I can assure you that their audy, advertisement-daubed ffices, and their denim-clad igarette-smoking staff, bear ttle resemblance to a profes- onal banking atmosphere.

It is obviously high time a ll investigation was made into e margins of bureaux de hange in general.

As chairman of this company nd an associate of the Institute f Bankers, I welcome the initia- ve of Mr. Rost, MP for Derby- ire South-East, in calling for much-needed investigation into l aspects of bureaux de change erating in this country, and dging from the many com- laints received at my office in spect of rogue bureaux it will t be too soon.

The remedy is to give the ank of England more super- isory powers and have it work gether with the British Tourist uthority in their enforcement. his company will give Mr. Rost s wholehearted support in any nquiry.

Ian Stibbe.
urlington House, ownwall Street, Dover, Kent.

Drug bill reduced

rom Mr. C. Fell.

Sir, Your news item (April 20) Mr. Ennals' firm announce- ent that the drug bill will be duced by 5 per cent. per num for the next three years akes me no less speechless th admiration for his courage I am lost for words to scribe his brave optimism.

Since 1959 (and probably rlier) drug prices have risen ster than the Retail Price dex (except for five years) with e consequence that by 1976 escription drugs cost 5.4 times much as in 1959 whereas the neral basket of products easured by RPI cost 3.2 times much.

In early 1975 the Department Health and Social Security nied that EEC competition licy (embodying the concept a Common Market) allied to e relatively low price of drugs the U.K. would result in an calation in U.K. prices. There by now abundant evidence it s wrong. Since 1972 drug ices, RPI and average prescrip- on frequency have increased as own.

	% change drug prices	% change RPI	Average prescription frequency
'72	8.9	7.1	5.668
'73	7.2	9.3	5.818
'74	15.2	16.0	6.008
'75	22.7	24.2	6.185
'76	25.4	16.5	6.417
'77	21.2	15.8	6.469

Falling margins, caused by the uite absurd system of remuneration, has resulted in wholesale pharmacy closures and a consequent forced doubling of retail pharmacists productivity and a massive fall in real earnings per unit output per pharmacy. Whereas in 1964 profit on turnover was 32.1 per cent. it is now 20 per cent. This fall in margins is unique among the distributive trades.

There is much empirical evidence that a major cause of the increase in prescription frequency is caused by increased patient expectancy raising the surgery work load on GPs. Unfortunately, Mr. Ennals' civil servants, while refusing to examine the available statistical evidence themselves, also deny access to the data to others who, for many years, have wished to research this problem. Rather than examine the evidence which would probably show that the answer lies in allowing GPs more time to deal with patient expectancy (which would necessitate training and employing more GPs) the DHSS has decided to attempt to persuade the public to expect less.

In the event of course it matters little but it would be interesting to know the target the DHSS has set itself; the impossible or the improbable. A reduction in the drug bill or a 5 per cent. decrease in its rate of escalation?

C. L. Fell.
Crown House, Newport, Essex.

Consumers' choice

From the Chairman, The Vegetable Protein Association.

Sir,—The Vegetable Protein Association, which represents major manufacturers, suppliers and users of vegetable protein, strongly dissociates itself from malpractices mentioned by Mr. Fred Holroyd (April 20), though we believe he does a disservice to food processors in suggesting that such practices are widespread.

For many years processors have used soya protein to fulfil a number of important functional roles; for example, texture and succulence of meat products are improved and cooking losses reduced, resulting in a product which gives better value for money, without impairing nutritional value. Products such as sausages are governed by strict regulations on minimum lean meat content, and no responsible processor will ignore these.

Some butchers sell minced meat with added vegetable protein at a lower price than all meat mince. It is clearly labelled as such as gives housewives the option of providing a cheaper yet equally nutritious meal—but the choice is always the consumer's.

Gordon H. Harrington.
43, Great Marlborough Street, W.1.

Hong Kong landmark

From the Chairman and two committee members. Hong Kong Heritage Society.

Sir,—It will be of interest to your many readers with Hong Kong connections to know that a petition has been sent to Her Majesty the Queen appealing for the preservation of the old Kowloon-Canton Railway terminus building.

The KCR building is a dignified red brick and granite structure, with a clock tower, built in neo-classical style at the beginning of this century. Besides having historical and architectural interest it is a central landwark and regarded with affection by many ordinary Hong Kong people. Its familiar presence on the Hong Kong waterfront makes it comparable in a modest way to the Houses of Parliament in London.

The petition to Her Majesty was initiated by the Hong Kong Heritage Society on the private advice of senior Hong Kong civil servants. The society's campaign for the integration of the existing buildin gin the modern cultural complex to be built on the site has the support of the Hong Kong Institute of Architects, the Royal Town Planning Institute (Hong Kong branch), and a number of overseas experts. More significantly, the campaign to preserve the building has the support of Chinese community organisations, and over 15,000 individual Hong Kong signatures. The vast majority of the latter were collected in a few days by a handful of volunteers in the street outside the station itself, and represent orginary Hong Kong-domiciled Chinese people: they are thus an indicator of a strong body of public opinion.

The Hong Kong Heritage Society wishes all those in Britain with a sense of commitment to Hong Kong, or responsibility for its people, to know the extreme move of appealing to the Queen is being made only after exploration of all local avenues of appeal—including a carefully reasoned petition to His Ecellency the Governor—have met with evasion and frustration. The society has found it consistently impossible over the past year to establish a meaningful dialogue with either the Hong Kong Government or elected urban councillors.

The petition to Her Majesty calls not only for th epreservation of a worthwhile building, but for the reform of outdated town planning legislation, for opportunities for public participation in purely civic matters, and for easier access of Hong Kong people to those by whom they are governed. The KCR building has, in fact—like the recent revolt of the Hong Kong police force—become a symbol of the communication gap between the Hong Kong authorities and the people it claims to "govern by consensus."

David Russell,
R. Poon,
Jiamching.
52, Wellington Street (10th Floor), Hong Kong.

Catalogue of objections

From Mr. H. Renold.

Sir,—It has not so far been said, but this metrication controversy has a moral element. This the Establishment, trade associations and media find convenient to overlook. It is the latest in a long line of measures which have ignored massive public objections to them.

One has only to recall just a few: two-tier post; decimalisation; entry into the EEC (no mandate and the twisting of Parliament—to no benefit, only more direction): the audited failure to control referendum expenditure (the pros spent 100 times more than the antis and vast sums earlier); local government reorganisation. . . . To these can be added a torrent of ill-digested legislation so badly drafted as to be largely incomprehensible but to find employment for yet more civil servants, local bureaucrats and lawyers; and a system of justice now so expensive as to be out of reach of most citizens.

All this has been rubber-stamped by Parliaments in which over half the electorate has no representative of its views, and initiated by Governments based on steadily smaller minorities of votes. And run by burgeoning bureaucrats who thrive on secrecy and guided by a Treasury which, it is increasingly evident, does not know where it *is going. This is bad government* and it must be a large *contribution to Britain's decline.*

Technically metrication may *have something to be said for it*, if only because it has now got *some way. The present upsurge* of opposition, however, is not just *conservatism but as much a* revolt against Establishment duplicity and bad leadership. It is a revolt against the wilful decay of the institutions supposed to represent public opinion. It is a revolt against overweening small party cliques, against unrepresentative government and against a lack of public openness and public honesty. One has to say "Down with metrication" to try and bring home this deeper dissatisfaction.

Hans Renold.
9, Leylands Avenue, Heaton. Bradford, West Yorkshire.

Nuclear power

From the manager, Power Systems, Westinghouse S.A.

Sir,—In your report from Tokyo (April 18) misleading comparisons were made between U.S. reactors and the KWU model. The facts are that Westinghouse has 36 pressurised water reactors operating totalling more than 23,000 MWE. KWU have six *totalling 4,608 MWE.*

Reactor availability figures are certainly comparable, and high when compared with conventional power plants. As for automation, this is simply a customer requirement, computerised control systems being available on KWU and Westinghouse systems.

Licensing requirements in Germany differ from U.K. and U.S. requirements, and there are variations in developed countries: but it is just not possible to demonstrate conclusively that one approach is significantly better than another or leads to safety improvement.

The Nuclear Inspectorate Institute review of generic safety of the PWR, based mainly on information provided by Westinghouse, concluded that "there is no fundamental reason for regarding safety as an obstacle to the selection of the PWR concept for use as a source of electrical power in the United Kingdom."

The entire n uclear industry is rightly proud of its safety record, which is based on massive design and development programmes in national and private facilities for over 25 years. Japan is, of course, free to consider German reactors or American reactors: but Westinghouse is confident that it will continue to make a major contribution to international nuclear power programmes.

David Langdon.
Westinghouse Electric S.A., 26, St. James Square, S.W.1.

Building Soc. mergers

From Mr. P. Twyman

Sir,—On April 21 you carried a very full report of a speech by the Chief Registrar of Friendly Societies about the Grays Building Society in which he repeated his well-known view that there are too many small societies. One is bound to agree with him and to welcome the gradual, if perhaps too gradual, fall in the number of societies.

There is a danger, however, that the Registrar's views and the recent unique difficulties of the Grays and Wakefield societies will be used as arguments in favour of a policy of mergers at any cost, regardless of the merits of individual cases. There are signs that this is already happening, notably with the proposal to merge the Anglia and the Hastings and Thanet. This proposal has been strongly criticised by a small but determined group of members and by the main union concerned, the National Union of Bank Employees. They believe that the arguments in favour of the merger put forward by the directors do not stand up to close examination, and that the directors have ignored the disbenefits (such as loss of local identity and the employment implications) and minimised the immense organisational and management problems of running a society with assets of £1.2bn.

The society is unlikely to collapse as a result of the merger but the chances are that there will be considerable problems which will affect efficiency and the ability of the society to serve its members. One wonders whether the directors and senior managers appreciate the difference in scale of running a huge organisation of £1.2bn. assets compared with the existing two medium-sized societies. Between them, the Anglia and the Hastings and Thanet are the result of bringing together 47 small societies. Putting them together, however, is a merger of quite different proportions. If it goes ahead it would result in the formation of the seventh largest society in the country. Anglia is now number 11, Hastings and Thanet number 13. Such a jump up the league table involves something like a "quantum leap" in terms of organisational problems. Those who support the merger probably do not appreciate the scale of management task. At present they seem to take the rather simplistic view that bigger means better. Experience of company mergers, and of the reorganisation of local government to take an example from a non-profit making sector like building societies, shows that this is not always the case.

It would be disastrous to the building society movement and all those who rely on its services if the unique problems of small societies were to stimulate a succession of badly conceived mergers of medium to large societies to form inefficient mammoths, unresponsive to the needs of their members.

P. H. Twyman.
129, Minnis Road, Birchington, Kent.

Local authority changes

From the Leader, Southampton City Council

Sir,—It is my turn to express surprise at Sir Duncan Lock's attempted come-back (April 20) on one point in my letter (April 15). In so doing, however, he has made a point for me which, for the sake of brevity, I previously omitted to mention.

While he says that the Association of District Councils regard major change as unjustified (and in this it would be interesting to know if he is speaking on behalf of all the member authorities) an examination of his Association's shopping list of proposals can hardly be described as limited.

Although I have always supported the need for some refinement in the field of planning and transportation, I still maintain that the ADC proposals, if carefully assessed, would result in radical upheaval.

The real purpose of my letter, however, was to highlight far more serious implications and in this respect it appears that Sir Duncan Lock has failed to see the wood for the trees.

Norman A. Best.
The Members' Room, Civic Centre, Southampton.

To-day's Events

GENERAL

Provisional unemployment figures for April.

TUC-Labour Party Liaison Committee meets.

EEC Agriculture Ministers' meeting continues, Luxembourg.

EEC Development Ministers meet, Luxembourg.

Arab Monetary Fund annual governors' meeting, Abu Dhabi.

Disarmament conference resumes, Geneva, ahead of United Nations special session starting on May 23.

Japanese, U.S. and EEC negotiators discuss world steel production problems, Washington.

Business Opportunities in Spain conference, sponsored *jointly by London Chamber of* Commerce and British Overseas Trade Board, Cafe Royal, W.1. Speakers include Mr. Edmund *Dell, Trade Secretary, and* Sr. Juan Antonio Garcia Diez, Spanish Minister for Commerce and Tourism.

PARLIAMENTARY BUSINESS

House of Commons: Wales Bill, completion of committee stage.

House of Lords: Scotland Bill, committee. Housing (Financial Provisions) (Scotland) Bill, third reading. Firearms (Variation of Fees) Orders.

Select Committee: Public Accounts. Subject: Cash limits. Witnesses: The Treasury (4 p.m., Room 16).

OFFICIAL STATISTICS

Bricks and cement *production* (March).

COMPANY RESULTS

Marshall Cavendish (full year). *Tozer Kemsley and Millbourn* (Holdings) (full year).

COMPANY MEETINGS

Broadstone Investment Trust, 120, Cheapside, E.C., 12.15. City Offices, Palmerston House, E.C., 12. Grindlays, 23, Fenchurch Street, E.C., 3. International Investment Trust, Winchester House, E.C., 12.30. "Investing in Success" Equities, King William Street, E.C., 10.45. Mercantile Investment Trust, Bucklersbury House, E.C., 12. Needlers, Hull, 12. Ratcliffs (Great Bridge), Birmingham, 3. Shakespeare (Joseph), Dudley, West Midlands, 12.15.

COMPANY NEWS

Simon Eng. jumps to £14m. but outlook not encouraging

AFTER CLIMBING from £3.82m. to £5.44m. at halfway, taxable profit of Simon Engineering ended 1977 some £4.3m. higher at £14.32m. on turnover £1.41m. lower at £197.36m.

Directors point out that the virtually unchanged turnover figure does not reflect lower levels of activity but results from a greater incidence in 1977 of reimbursable contracts, where turnover figures excluded equipment and construction costs.

Mr. Harry Harrison, chairman of Simon Engineering —liquidity remains high and balance-sheet is strong.

For the future they say the economic outlook is not encouraging and the volume of engineering orders available will continue at a low level and competition will be fierce.

But measures taken to extend the range of operations has put the group in a strong position, and any reasonable upturn in trade will be of benefit to Simon.

	1977 £000	*1976 £000
Turnover	197,363	198,773
Food engineering	48,080	41,828
Manufacturing	27,941	29,293
Process plant	61,197	90,882
Industrial services	62,165	33,790
Trading profit	12,337	8,672
Food	4,249	3,284
Manufacturing	3,162	3,208
Process plant	2,534	1,596
Industrial	2,632	3,054
Pension provision	—	1,825
Central expenses	542	827
Assoc. co's profits	765	607
Interest receivable†	1,220	748
Profit before tax‡	14,322	10,027
Tax	5,832	4,115
Net profit	9,490	5,912
To minorities	794	524
Attributable	7,096	5,388
Exchange losses	443	§570
Pref. dividends	39	39
Ordinary dividends:		
Interim	551	490
Additional final 1976	15	—
Proposed final	1,049	930
Retained	5,399	4,499

* Adjusted for ED 19 and ED 21. † Less payable. ‡ After depreciation £2.36m. (£1.87m.). § Profits.

Directors say liquidity remains high and the balance sheet is strong. The group is able to plan its continued development in the knowledge that adequate finance is available.

Trading profit increases at the food engineering and process plant contracting divisions more than offset the declines in manufacturing and industrial services. Also, last year there was a £1.83m. pension provision and interest receivable this year has grown from £0.75m. to £1.22m.

Earnings per 25p share are shown at 37p (26.2p) before exchange losses of £443,000 (£570,000 profit) and 34.8p (29p) after the exchange differences.

A final dividend of 5.0652p compared with 4.5523p takes the total for the year to 7.7652p (7.0224p).

See Lex

BBA looks to better results

BETTER results are expected by BBA Group both in the U.K. and from its principal overseas companies, Textar GmbH and Scandura Inc., in 1978, Mr. D. M. Pearson, the chairman, tells members.

The fall in taxable profit for 1977 to £7.01m. (£7.49m.) on external sales of £105.8m. (£99.1m.) was unexpected, he says. As reported on March 31, the net dividend is lifted to 2.3834p (2.1557p) per 25p share.

On an inflation adjusted basis profit for the year was £4.1m. after extra depreciation of £1.9m. and costs of sales of £2m. and including a gearing adjustment of £1m.

Working capital at year-end was down £1.21m. (up £2.8m.) with bank loans and overdrafts up at £3.64m. (£3.13m.) and cash at bank at £1.09m. (£794,000). Capital commitments amounted to £4.83m. (£2.28m.) and spending authorised but not contracted totalled £4.04m. (£8.13m.).

A geographical analysis of sales and profit shows, with £000s omitted: Europe £88,066 (£81,021) and profit, including £3,967 (£3,090) from the U.K., at £5,872 (£6,715); North America £9,998 (£10,751) and £106 (loss £367); and other areas £7,744 (£7,323) and £1,027 (£1,145).

A report on employment within the group during 1977 reveals that of the 7,015 employees 2,492 are overseas. A comparison of remuneration shows that the average pay for U.K. personnel was £3,544, against £6,893 overseas, while the average sales per employee was £11,000 in the U.K. and £23,000 overseas.

Francis Shaw falls by £55,298

Francis Shaw and Co., which manufactures machinery for the rubber, cable, and plastics industries, reports lower pre-tax profits of £377,062, against £432,360, for 1977 after £134,819 (£156,290) for the first half. Turnover for the year rose from £10.56m. to £11.53m.

Earnings are shown at 4.42p (6.15p) per 20p share and the dividend is 2.635p (2.359p) net.

Peak £0.6m. at Pentland Industries

ON TURNOVER 25 per cent. higher at £13.49m. taxable profit of Pentland Industries jumped 73 per cent. from £357,000 to a record £618,000 in 1977.

Mr. Stephen Rubin, chairman of the services, broking and general merchandise group, says that provided the economic climate does not deteriorate 1978 should be another satisfactory year.

At halftime, profit was up from £95,000 to £167,000 and all sections of the group's business were said to be growing steadily. Full year results were then expected to show a further marked advance.

Earnings per share are shown ahead from 3.06p to 5.1p, and the final dividend of 0.451p takes the total to 0.662p (0.602p) net per 10p share. Directors intend reviewing the dividend as soon as Government restrictions allow.

	1977 £000	1976 £000
Turnover	13,493	10,809
Profit before tax	618	357
Tax	91	63
Net profit	527	294
Extraordinary profit	14	—
To minorities	56	19
Available	485	275

● comment

Pentland Industries is riding well *on the upturn in the shoe* business and a reasonable showing on its other general merchandise activities especially its recent new ventures. Some 50 per cent. of the pre-tax profits last year came from the footwear trade with the 1.3 points gain in overall margins to 4.6 per cent. aided rather than threatened by the *quotas on selected shoe* imports. The group imports largely from Italy and the Far East and exports to France, U.S. and Australia. Home brewing company, Unican Food, had a good year as the minority figure indicates; so did its general distribution services and insurance broking. Shipping, however, performed badly in line with the general trend. Though shoes will still represent a significant part of its business, its latest ventures —Airborne Sports, wholesalers and distributors of sports equipment, and Airborne Leisure, dealing mainly in knitted ladies garments—are showing good potential growth Pentland is looking for a satisfactory performance this year and pre-tax profits of about £0.75m. should be attainable. At 24½p yesterday, the shares yield 4.2 per cent. on a p/e of 4.7.

HIGHLIGHTS

Simon Engineering profits for 1977 are about a fifth higher on a recurring basis, thanks to an exceptional performance in food engineering products and good results from on process plant contracting; the outcome for the year was in line with market estimates. The **Borough of Greenwich** is issuing £20m. 11¾ per cent. stock 1986 at 99 per cent. Lex also takes a look at the proposals by some major U.S. banks to set up an offshore banking zone in New York. Elsewhere, **Wm. Baird** has produced profits some 66 per cent. higher which, after adjusting for the recent acquisition, reflects a volume rise of about 5 per cent. and much of the growth comes from the associate Dawson International. Loss eliminations have played a big part in the 40 per cent. gain at **Steel Brothers**, while **Pentland** owes much of its improvement to the recovery in the shoe activities.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Wm. Baird	5.32	July 4	5.71	9.28†	8.31
Bentima Industries	1.71	June 16	1.69	1.71	1.69
Corinthian Holdings	0.5	—	nil	0.7	nil
Elect. & Indl. Secs.	2.02‡	July 4	1.71	2.99	2.68
Evered Co.	0.2	June 6	nil	0.4	nil
Jones Group	2.93	—	2.6	3.58	3.25
Lowland Drapery	2.62	July 1	2.38	3.47	3.16
Lowland Inv. ...int.	0.9	June 8	0.8	—	2.1
Melville Dundas	1.8	—	1.56	2.7	2.44*
Modern Engs. of Bristol	1.72	June 5	1.72	2.7	2.39
Moran Tea ...int.	5	June 1	5	—	15
Pentland Industries	0.45	—	0.41	0.66	0.6
Sennah Rubber	35	—	25	35	25
Simon Engineering	5.07	July 3	4.55	7.77	7.02
Steel Brothers	8	July 6	6.28	13†	10
United Capitals Trust	0.53	—	0.53	0.94	0.9

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.026p for 1976 on reduction of ACT.

Melville Dundas slumps from £1.3m. to £0.7m.

WITH TURNOVER down from £23.7m. to £21.6m., taxable profit of Melville, Dundas and Whitson the building and civil engineering contractor, tumbled from £1.26m. to £0.67m. in 1977.

At halftime profit was cut from £659,000 to £295,000, and directors said it had become increasingly difficult to obtain new work at adequate margins, and that on the construction side results had been adversely affected by provisions made and costs incurred on two major contracts.

The result is subject to tax of £355,000 (£670,000) and after dividend payments totalling £162,000 (£146,000), retained profit is £154,000 (£440,000). Earnings per *share are given at 5.27p (9.76p).*

The final dividend of 1.8032p net per 25p share takes the total to 2.6967p compared with 2.4380p last time, adjusted for the one-for-two scrip issue.

Greenwich issues £20m. of 11¾% stock

Arrangements have been completed for the issue by the London Borough of Greenwich of £20m. 11¾ per cent. Redeemable Stock, 1986, at 99 per cent.

The stock is payable as to £10 per cent. on application with calls of £40 per cent. on May 16 and the balance on August 11, 1978.

Interest on the stock is payable half yearly with the first payment of £3.1181 per cent. due on October 1, 1978. Flat and final yields are 11.869 per cent. and 11.947 per cent. respectively.

Application lists open on Thursday, April 27. Brokers are Pember and Boyle.

See Lex

London and Manchester optimistic

IN HIS LAST annual statement, Mr. Lewis Whyte, the chairman of London and Manchester Assurance, says that the group is now stronger than ever before and prospects for expansion and profitability have never been better.

Given a reasonable healthy economic environment and so long as the group is free to manage its affairs, Mr. Whyte is convinced that shareholders can look forward to very many years of sustained prosperity.

As reported on March 30, net profit rose from £1.37m. to £1.69m. in 1977 and the group is raising £2.1m. by a one-for-ten rights issue for the expansion of its *general branch operations.*

Meeting, Skinners Hall, E.C., on May 17 at noon.

Middle East and EEC trade boost Steel Bros. to £6.8m.

WITH TURNOVER 3.6 per cent. higher at £90.12m. taxable profit of Steel Brothers Holdings climbed 38.9 per cent. from £4.86m. to £6.78m. in 1977. At half-way when profits rose from £1.41m. to £3.33m. similar second half results were forecast.

Directors say Middle East trading was a major contributor to the increased earnings, followed by the EEC.

A good trading year in Canada increased dollar earnings, but in sterling terms the contribution was somewhat lower than in 1976. They say the problem areas reported in former years have responded to corrective measures and made a smaller impact on overall figures.

Given reasonable trading conditions they expect a further improvement in 1978.

The result for the year includes associate company profits of £1.65m. (£1.23m.) and is after interest of £2.12m. (£2.32m.) and subject to tax of £3.44m. (£2.22m.), with U.K. tax making up £1.61m. (£0.87m.) of the total.

Basic earnings per 50p share are shown at 59.62p (63.11p), and fully diluted at 56.9p (50.71p). Directors intend requiring the conversion or redemption of the outstanding fourth preference shares this year.

A final dividend of 8p takes the total to 13p compared with a predicted 12.5p total at the time of its rights issue, and the 10p total paid last time.

	1977 £000	1976 £000
Turnover	90,123	86,959
Trading profit	7,233	5,854
Interest	2,120	2,317
Assoc. profits	1,652	1,227
Profit before tax	6,765	4,864
Tax	3,443	2,219
Net profit	3,312	2,645
Extraordinary credit	1,167	†283
To minorities	358	348
Pre-acquisition loss	—	33
Attributable	4,121	2,030
Pref. dividends	51	139
Ord. dividends	694	332
Retained	3,376	1,586

† Debit.

● comment

The near two-fifths increase in pre-tax profits at Steel Brothers holdings reflects the rise in profits in the Middle East from £3.2m. *to £3.9m.*, thanks to a good contribution from the foodstuffs interests, a threefold gain in EEC countries to £1.05m., and a £464,000 turnround to profits in Australia. Currency windfalls only chipped in £100,000, compared with £1.4m. previously. Much of the improvement is due to loss elimination, particularly in the EEC countries, where Wiener, the windows and grinding machinery specialist in Holland, is now making profits: while in the U.K. Spire Homes had a better year as house sales picked up, mainly in the last quarter. Overall construction profits improved from £1.3m. to £1.5m. The balance sheet looks healthier with medium term debt down from £9.4m. to £7.2m., and net current liabilities of £3.1m. have been transformed into net current assets of around £2m. At 376p the shares yield 5.4 per cent., covered over four times, and stand on a P/E of 6.5 on fully diluted earnings.

LIDEN

Liden Holdings' deficit amounted to £176,277 in the year ended November 30, 1977, compared with £236,900 in 1975-76. Due to an agency error the comparative figure was described as a profit in Saturday's report.

Turnround to £0.5m. at Corinthian

AFTER A CREDIT of £145,452 from provisions compared with a £111,209 debit previously, Corinthian Holdings turned in a £304,675 pre-tax profit in 1977 against a £25,645 loss.

After tax of £96,027 (£94,136), an extraordinary credit of £506,482 (nil), and minorities profit for the year is shown at £589,648 (£35,365).

Directors say a subsidiary, Miss Erika Inc. was sold during the year and for comparison the 1976 figures exclude the individual figures of Miss Erika, which have been consolidated in the single figure of £195,490 which has been allowed for in the comparatives.

A final dividend of 0.5p makes a total of 0.7p net per 10p share. The last dividends were paid in 1973 and totalled 1.1p.

The company provides financial services and is concerned with the manufacture and distribution of knitwear.

A subsidiary, Tartan McCaul, increased its pre-tax profit from £260,195 to £328,149 in the year. The attributable loss was, however, £497,957 (£413,217 profit) after tax of £141,390 (£91,479), extraordinary debits of £105,000 (nil), the proceeds from the sale of a subsidiary of £1.33m. (nil), a capital dividend of £1.14m., and the elimination of the reserves of a subsidiary sold in the year of £0.75m.

Downturn at Modern Engs. of Bristol

A sharp downturn in second half earnings from £130,901 to £48,159 has left taxable profit of Modern Engineers of Bristol (Holdings) in 1977 down from £319,037 to £252,182. Turnover for the year increased from £5.62m. *to £7.37m.*

At halfway directors anticipated similar results to 1976 for the full year.

The result is subject to tax of £126,586 (£165,201) and earnings per share are shown at 5.02p compared with 6.15p last time.

A final dividend of 1.722p (1.71976p adjusted) takes the total to a maximum permitted 2.6955p (2.38626p) net per 25p share.

BSR raising production

Mr. J. N. Ferguson, chairman of BSR, told shareholders at *yesterday's AGM that the forward* order load of the sound reproduction division had shown very encouraging signs—particularly from north and south America. Consequently action has already been taken to increase production at all factories.

Although the U.K. and European markets still showed no real signs of recovering, Mr. Ferguson was hopeful that the introduction of new models in July and August would lead to an improvement in the second half over the first six months.

Production levels for quite a number of consumer products have been *increased following the* Budget, said Mr. Ferguson, to provide a much better balance between stock and orders. Also efforts in the export market were now beginning to show results.

In addition the re-structuring of Judge Intl. will be completed in a few weeks and every effort will be made to re-establish the Judge name in the market and recapture its lost share of enamel holloware business, said Mr. Ferguson.

Evered recovers to £119,671

After turning round from £138,000 loss to a £66,000 profit in the first half, Evered and Company Holdings recovered to £119,671 pre-tax profit in 1977 compared with a £150,310 loss last time.

Turnover for the year rose from £9.48m. to £10.18m. and directors say the improved result was due primarily to much better results from the rolling mill and hardware activities and to the elimination of the trading losses in the controls division.

During the year Active Service Metals' status changed from that of an associate company to a subsidiary. The result is subject to tax of £13,771 (£2,592) and earnings per share are shown at 1.8p (2.7p loss).

The final dividend of 0.2p net per 25p share makes a total of 0.4p. The last dividend paid was a 0.7p interim in 1974. Since then losses totalling £1.1m. have been incurred.

Jones Group climbs to £1.43m.

Turnover for 1977 of the Dublin based Jones Group of mechanical services contractors rose from £12.31m. to £13.43m., and pre-tax profits advanced from £1.23m. to a record £1.43m.

In October, reporting first-half profits up from £522,000 to £865,000, the directors forecast a full year improvement and said that prospects for 1978 were encouraging.

After tax of £501,000 (£471,000) full-year earnings are shown to be ahead from 7.29p to 8.2p per *10p share and the dividend is* lifted from 3.25p to 3.58p net with a final of 2.93p.

Wm. Baird advances by 64% to reach £7.92m.

ON TURNOVER up from £81.72m. to £105.8m., pre-tax profits of William Baird and Co. advanced by 64 per cent. from £4.83m. to £7.92m. in 1977.

In December, reporting midway profits ahead from £1.85m. to £3.78m. the directors said that second half profits would not be less than those for the first.

Full year earnings are shown to be up from 22.1p to 34p per £1 share on capital increased by last June's one-for-five rights issue. The final dividend is 5.32219p net for a 9.28219p (8.3105p) total.

	1977 £000	1976 £000
Turnover	105,797	81,716
Operating profit	9,335	6,070
Group textiles	3,623	2,541
Assocd. textiles	4	48
Dawson Intnl.	3,575	1,819
Group industrial	1,566	1,193
Assocs. industrial	150	171
Group services	338	146
Assoc. services	5	11
Investments	174	141
Central admin.	285	270
Interest payable	1,116	900
Profit before tax	7,924	4,831
Tax*	2,322	1,786
Net profit	5,602	3,045
Outside holders' loss	20	1
Attributable Ord.	5,622	3,046
Dividends	1,333	1,144
Extra-ord. debit†	13	514
Retained by assocs.	1,635	632
Retained by group	2,441	596

Results for 1977 and 1976 include figures for Thomas Marshall Investments for 12 and nine months respectively. * Application of ED.19 has reduced the 1977 tax charge relative to accelerated tax depreciation; no reduction has been made to deferred tax applicable to stock relief. Various prior year adjustments, not relating to ED.19, further reduce the charge. † Comprise profit on realisation of investments £110,000 (£406,000 loss); associates' loss £100,000 (£31,000); other net loss £23,000 (£75,000).

The net asset value attributable to the Ordinary stock at December 31 1977, was £26.8m., equivalent to 162p per share.

The directors say that for group textile companies, trading in the second half continued at the level of the first, a disappointing spell from July to mid-November being balanced by a strong pre-Christmas surge.

The major programme for the rationalisation of U.K. manufacturing facilities was taken an important stage forward during 1977. It is due to be substantially completed in 1978.

Trading so far in 1978 has been relatively quiet, the cold Spring weather giving no encouragement to seasonal buying by the public. However, there is widespread belief that there will be marked strengthening of consumer demand as the year progresses.

Dawson International, which achieved record results in the year to March 31, 1977, reported a further strong advance in profits for the following half-year.

On the industrial side the profit increase was once again on the scale necessary to support and justify the continued development of Darchem's business, which includes a growing number of activities dependent on progressive advances in technical capability.

It is hoped that the profit level achieved in 1977 will be maintained, but the capital plant field in which Darchem operates is subject to large fluctuations and changes in activity.

The second year of the services division in its new structure brought an increase in profit from both of the main activities. The current year has started well.

The directors report that during the past three years, major changes have been made in the structure of the group. In the last two years profits and earnings have grown strongly. A great deal of solid work has been and is being done in the operating divisions to ensure that the group continues to progress, but the degree of this progress inevitably will be conditioned by the general level of economic activity in the U.K. and overseas. The balance sheet is strong and places the group in a position to take advantage of opportunities for further growth, they add.

● comment

On turnover 30 per cent. higher Wm. Baird has improved margins by more than a point, and pre-tax profits have jumped by almost two-thirds. Adjusting for the Thomas Marshall acquisition, the results reflect a volume rise of about 5 per cent. at a time when consumer spending it still at a depressed level. Once again 30 per cent.-owned Dawson International has come up trumps, providing the important textile division with almost half its trading profits. Also, Baird's own subsidiaries did well—the sales increase is roughly in line with the first half rise in clothing sales by Marks and Spencer (a major customer) reflecting the trend away from synthetic fibres to natural fabrics. Elsewhere in the group, Darchem's increasing involvement with the petro-chemical industry (insulation products, heat treatment) has helped boost the industrial division's share by almost a third. The £2.9m. rights proceeds has reduced net borrowings from 45 per cent. of shareholders' funds to about a fifth, but came too late in the year to reduce the interest charge. As soon as consumer spending picks up Baird should start benefiting from its current investment programme in both major divisions. The shares, at 158p (up 6p), are on a p/e of around 4 (average capital) while the yield of 9.2 per cent. is covered four times.

Weir to invest a record £9m.

BUDGET AND cash flow projections at Weir Group show that it should be able to undertake a high level of capital investment in 1978 and the directors plan to *spend some £9m. during the year,* Viscount Weir, the chairman, tells members.

This is higher than the record annual investment by the group of £7.32m. last year, and the long term capital spending programmes continue at Weir Pumps and in the company's steel foundries. However, in the present economic conditions, the directors do not see any justification for investment to increase the company's productive capacity except in one or two very specialised areas.

Instead the weight of the spending will be concentrated on improving manufacturing efficiency and costs and on improvements to the range and quality of products, he says.

In addition to the capital investment programme a substantial product development programme is being undertaken at Weir Pumps and Weir Westgarth.

Defending the investment plans *Lord Weir says* "in the past we made a very heavy investment in our steel foundries. It greatly extended us financially, and some people therefore criticised us at the time but it is indeed fortunate that we did just this. As a result our foundries are now well-equipped and efficient, and with a continuing investment programme to improve them further they can give a good account of themselves even in the difficult trading conditions that prevail.

"The greatly improved performance of Weir Pumps in 1977, and the heavy investment programme we are undertaking there, gives me confidence that their ability to compete will improve. I would not, however, want to underestimate the strength of the competition we face."

In desalination the company is well-placed, since it can offer a good and competitive product in this specialist market, where demand remains very strong, he adds.

The chairman does not see any sign that an upturn for the makers of capital goods will come this year or even in 1979 but he comments that taking together the prospects for the group's most important activities it is in a more fortunate position than many other engineering *companies.*

The most significant overseas development planned for 1978 is a start to a programme of direct involvement in the U.S.

In Canada the company is expanding its offices and workshop and warehouse facilities in Toronto but the political uncertainties resulting from the separatist movement in Quebec gives the directors cause for concern, he says.

On sales ahead at £160m. (£138m.) the group expanded taxable profit to £9.12m. (£7.5m.) in 1977—as reported on March 22. The net dividend is raised to 5.203p (4.73p) per 25p share.

Net liquid funds at year end were down £1.22m. (£153,000) with bank loans, advances and bank bills payable up at £11.82m. (£10.36m.). Net gearing amounted to 60 per cent. of equity capi[tal] compared with 140 per ce[nt] three years ago.

U.K. exports amounted [to] £57.71m. (£37.15m.) and at t[he] beginning of the current year [the] order book stood at £180[m.] (£182m.).

An analysis of turnover a[nd] profit by activity shows, w[ith] £000s omitted, engineering £69,[...] (£68,080) and £5,363 (£4,0[..]) foundries and engineeri[ng] supplies £44,194 (£40,594) a[nd] £5,321 (£5,398); aircraft equ[ip]ment £7,624 (£7,240) and £[...] (£311); desalination and he[at] exchange £43,039 (£24,425) a[nd] £874 (£674). Less interdivision[al] sales of £4.39m. (£2.22m.) pl[us] share of associates profits [of] £1.22m. (£0.86m.) less cent[ral] costs of £0.96m. (£0.84m.).

Lord Weir says the Hyde pr[o]posals on current cost accounti[ng] leave much to be desired a[nd] have not been adopted by t[he] company but he notes that, [by] applying appropriate indic[es] profit would have been reduc[ed] to £5.8m. by £3.4m. extra cost [of] sales and £1.6m. addition[al] depreciation less a £1.7m. geari[ng] adjustment.

The group has formed an au[dit] committee comprising the cha[ir]man and four non-executi[ve] directors.

He explains that merger ne[go]tiations with Samuel Osborn a[nd] Co. were discontinued sim[ply] because the value the Osbo[rn] directors put on their busin[ess] was considerably higher th[an] could be prudently recommend[ed] to members.

Early in 1978 the group so[ld] the main part of the aircr[aft] equipment division for £1.4m. [to] Electrical and Industri[al] Securities, as the division did n[ot] fit logically into the company['s] mainstream business. One of t[he] properties retained by the gr[oup] under this agreement has [since] been disposed on favoura[ble] terms.

BOARD MEETINGS

The following companies have noti[fied] dates of Board meetings to the St[ock] Exchange. Such meetings are usu[ally] *held for the purpose of considering d[ivi]dends.* Official indications are not av[ail]able whether dividends concerned [are] interims or finals and the sub-divisi[ons] shown below are based mainly on [last] year's timetable.

TO-DAY

Interims—Beralt Tin and Wolfr[am], Border and Southern Stockholders Tr[ust], Lloread.

Finals—Bodycote International, A. Ca[...], Canadian and Foreign Investment Tr[ust], Channel Islands and International Inv[est]ment Trust, Ellis and Goldstein, Eng[lish] and National Investment, Estates Du[ties] Investment Trust, F.C. Finance, Far[nell] Electronics, Futura, Lake View Inv[est]ment Trust, Marshall Cavendish, J. an[d] Randall, Siemssen Hunter, Silentn[ight], Stylo Shoes, Toser Kemsley and Millbo[urn], Travis and Arnold, Wood and Sons.

FUTURE DATES

Interims—	
Common Bros.	Apri[l]
Devenish (J.A.)	Ma[y]
Finals—	
British Investment Trust	Ma[y]
Caffyns	Jun[e]
Holt Lloyd International	Ma[y]
More O'Ferrall	Ma[y]
Mothercare	Ma[y]
Nathan (B. and I.)	Apri[l]
Office and Electronic Machines	Apri[l]
Pickles (William)	Apri[l]
Roberts Adlard	Ma[y]
Runciman (Walter)	Ma[y]
Scottish Northern Investment Tst.	Ma[y]
Toye	Apri[l]
Wheatsheaf Distrib. and Trading	Apri[l]

EIS improves to £1.41m.

TURNOVER FOR 1977 of the BET Group subsidiary, Electrical and Industrial Securities, rose from £10.17m. to £11.56m. and pre-tax profits increased from £1.3m. to £1.41m. after £0.66m. (£0.63m.) in the first half.

Full year earnings are shown to be up from 5.751p to 6.165p per 25p share and the dividend total is raised from 2.681p to 2.994p net with a final of 2.019p. An additional 0.026p will also be paid for 1976 following the reduction in ACT.

	1977 £	1976 £
Turnover	11,558,642	10,173,130
Interest receivable	126,226	174,053
Pre-tax profit	1,408,324	1,303,259
Tax	723,294	661,255
Extraordinary credits	6,031	26,076
Retained	348,622	350,633

But for interruptions to production at the group's own and supplier's works, the results would have been better. Although average cash on deposit throughout the year was higher, earnings from interest declined. Direct exports increased by 44 per cent.

After investment in new plant and equipment of nearly £700,000, cash and short term deposits stood at £1,872,000 at the year end.

C. F. Taylor (Holdings) was acquired in January from the Weir Group. The reorganisation of Taylor is proceeding satisfactorily, say the directors. The order book is good and the company is trading profitably.

Prospects of EIS for 1978 appear satisfactory, but profits will not be supplemented by interest from large cash deposits. All the companies in the group have better order books than a year ago and the directors see clear opportunities for continued improvement in group performance. A current valuation of properties at Bolton gives rise to a surplus of £270,000 (equivalent to an increase in asset value per share of 2.5p) which has been incorporated in the accounts.

UU Textiles has difficult half year

Turnover for the six months to October 28, 1977, of UU Textiles slipped from £2.15m. to £2.12m. and trading profits fell from £115,700 to £28,900.

After interest of £71,800 (£105,500), extraordinary items, and minorities, there was an attributable loss of £56,100 (nil balance).

The Board reports that difficult trading conditions persisted in the period, but recent months have shown an upturn in orders *and it is hoped that this trend* will continue. The group's bankers have continued their support of working capital requirements on normal banking terms.

The accounting date has been changed to June 30, therefore the results for 1977-78 will cover 61 weeks. A second interim statement for year to April 29, 1978, will be published in due course.

Pre-tax profits for the year to May 1, 1977, *came to £63,900.* No dividends have been paid since 1974-75.

Second half shortfall at Bentima Inds.

A £46,000 drop in second half profits to £150,338 has left taxable profit of Bentima Industries down from £302,502 to £266,338 in 1977, on turnover up from £5.51m. to £5.81m.

The result is subject to tax of £140,407 (£158,484) and attributable profit came out at £125,841 (£164,720). Last year there were minority interests of £3,497 and extraordinary credits of £24,849.

Basic earnings per share are shown at 4.31p (4.8p) and fully diluted at 3.66p. The dividend is lifted from 1.688p to 1.714p net per 25p share.

The company imports watches and clocks, and makes precision instruments and components.

Barton and Sons sees continued progress

A STRONG hint that Barton and Sons would again out-perform a cautious forecast is given by Mr. John Wardle, the chairman, in his annual statement.

He discloses that the group—which operates in steel tubing, steel work and general engineering—plans both internal and external growth and that profits over the past five years have beaten inflation in the three countries in which the group is *active and have represented more* than 25 per cent. on shareholders funds and more than 10 per cent. on sales.

Mr. Wardle also reveals that these funds—at £13m.—are considerably understated.

The group's properties are worth several million pounds more than their balance sheet values and the provision of over £3m. for deferred tax effectively represents an addition to shareholders' funds. Borrowings in relation to shareholders' funds were very modest, *adds Mr. Wardle and, despite* investment in fixed assets of £1.9m., were reduced by £1.46m. during the year.

In the medium term he is very confident of continued progress and the Board is devoting a great deal of time and attention to the opportunities available for acceleration of such progress. Recalling last year's cautious forecast he states: "It might be prudent to express similar reserves with regard to 1978, but I am very conscious that it would only need the slightest following wind to surprise ourselves once again."

As reported on March 30 pre-tax profits rose from £3.26m. to a record £3.62m. in 1977 on sales of £40.87m. (£36.92m.). The dividend is lifted from 2.9546p to 3.2686p net and a one-for-five scrip issue is also proposed.

An analysis of turnover and profit by activity shows: steel tubing £20.05m. (£19.2m.) and £1.7m. (£1.82m.); steelwork and fabrications £9.67m. (£7.82m.) and £0.77m. (£0.73m.); and general engineering £11.15m. (£9.9m.) and £1.49m. (£1.1m.). Interest absorbed £0.34m. (£0.38m.).

Inflation adjusted results show *pre-tax profit £2.51m., after additional* stock charge £716,000, additional depreciation £398,000, and gearing adjustment £136,000.

Meeting, Sutton Coldfield on May 17 at 12.30 p.m.

Interest charges reduce Monsanto earnings

Monsanto Ltd.—a wholly-owned subsidiary of the U.S. Monsanto Company—recorded an increase in sales but a fall in earnings for 1977, Mr. Eric Sharp, the chairman, told the annual meeting.

Turnover for 1977 was £202.7m. (£180.8m.), operating profit £10.7m. (£16.3m.), pre-tax profits £5.6m. (£14.0m.). As in previous years, earnings are being retained in the business and no dividend payment is being recommended.

Mr. Sharp said the main cause *of the reduction in pre-tax profit* was an increase in interest expense, reflecting the large amount of borrowings made to finance the very large investments at Seal Sands, Teesside.

Two major expansions are under way at Seal Sands—an increase in the production capacity for acrylonitrile, a raw material for the plastics and fibre industries, and the establishment of a nylon intermediates plant, the latter being a joint project with Montefibre (U.K.).

Expenditure on fixed assets in 1977 was £72.1m. (£57.4m.). Although the performance of the world, and particularly the European economies, was sluggish, the company increased exports by 17 per cent. to £70.1m. representing 35 per cent. of total sales, in spite of a rise in the value of sterling.

The fibre/textile industries suffered from inflation and sluggish demand plus a high level of imports, excess fibre capacity and uncertainty over the Multi Fibre Arrangement renegotiation.

Monsanto was also severely affected by the lack of buoyancy in plastics consumption as a result of pressure on prices and the slow growth of the economy.

In industrial chemicals, overall performance was satisfactory in spite of the low level of industrial activity in Western Europe, leading to a progressive downturn in business.

Extremely successful, worldwide, was the company's Santogard PVI product which is manufactured for the European rubber market by the company's Ruabon, North Wales, plant.

In October plans were announced to double the capacity for the product at a cost of £3m. *After five years successful operations* the capacity of the rubber instruments plant at Swindon has been expanded by 50 per cent., effective February 1978.

The agricultural chemicals business in the U.K. continued to prosper.

During the year, Monsanto headed a consortium—with General American, Pacific Petroleum, and British National Oil Corporation—which was awarded a licence in the Fifth Round of the North Sea Oil applications. The block 13/18 is being evaluated prior to drilling. Monsanto is a major user of hydrocarbons worldwide, and its North Sea activity therefore could be of significant importance to the company, said Mr. Sharp.

MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 7½ per cent. (since April 11, 1978)

Day to day credit was in good supply in the London money market yesterday and the authorities mopped up by selling a moderate amount of Treasury bills, all direct. Indications were that some surplus was left in the system which should see bank balances up to-day.

The market was faced with a net take up of Treasury bills and a fairly large increase in the note circulation. These were more than outweighed by substantial Government disbursements (Rate Support Grant and Housing Grant) exceeding revenue transfers to the Exchequer. In addition, banks carried above target balances over the week-end.

Discount houses paid around 6 per cent. for secured call loans at the start and closing balances were taken anywhere between [...] per cent. and 6½ per cent. In the interbank market, overnight loans opened at 6½-6¾ per cent. and had eased to 5-5½ per cent. by early afternoon. After a brief flurry up to 8-8½ per cent., rates fell to close at 6-6½ per cent.

Rates in the table below are nominal in some cases.

Apr. 24 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⌀	Eligible Bank Bills ⌀	Fine Trade Bills ⌀
Overnight	—	5-8½	—	—	—	6¾	5¾-6½	—	—	—
2 days notice	—	—	7-7¼	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	7⅛-7½	7¼-7⅝	—	7¼-7⅝	7½	6½-6¾	—	—	—
One month	7⅛-7¼	7½-7⅝	7⅝	7¾-7⅝	7¾-8	7¾	6¾	6⅞	7⅛	7⅛-7[..]
Two months	7⅝-7⅞	7⅝-7¾	—	7⅞-7⅝	7⅞-8⅛	—	6⅞	6⅞-6⅞	7⅜-7⅞	7⅝
Three months	7⅞-7⅞	7¾-7⅞	7¾	7⅞-7⅝	8-8¼	8⅛	7	6⅞-7	7⅞	8
Six months	8¼-8⅛	8¼-8⅝	8½-8⅝	7⅞-7⅝	8⅝-8¾	—	—	—	8⅛-8¼	8¼
Nine months	8½-8¾	8⅜-8⅝	—	8¼-8	9-9⅛	—	—	—	—	—
One year	8½-8⅞	8⅞-9	8⅞-9	8⅞-8⅜	9¼	—	—	—	—	—
Two years	—	—	9⅞-10	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage r[ate] nominally three years 10⅝-10⅞ per cent.; four years 11-11⅛ per cent.; five years 11⅛-11⅜ per cent. ⌀ Bank bill rates in t[able] are buying rates for prime paper. Buying rates for four-month bank bills 7½ per cent.; four-month trade bills 8¼ per c[ent.]

Approximate selling rates for one-month Treasury bills 6⅞-6 13/16 per cent.; two-month 6 13/16-6 27/32 per cent.; and three-mo[nth] 6 29/32 per cent. Approximate selling rate for one-month bank bills 7 5/16 per cent.; two-month 7⅜-7 7/16 per cent.; and three-mo[nth] 7 15/16-7 15/32 per cent. One-month trade bills 7⅞ per cent.; two-month 7¾ per cent.; and also three-month 7⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from April 1, 1978. Clearing Ba[nk] Deposit Rates (for small sums at seven days' notice) 4 per cent. Clearing Bank Base Rate for lending 7½ per cent. Treas[ury] Bills: Average tender rates of discount 6.8691 per cent.

هكذا من الأجل

MINING NEWS

Looking at Canada's mineral scene

BY KENNETH MARSTON, MINING EDITOR

HIS latest round-up of the ...adian mining scene our man ... Toronto, John Soganich, ...orts that the country's major ...-group, Kaiser Resources, has ...de a cool start to the year with ... quarter earnings of C$1.4m ...3m.) or 50 cents per share, ...ich compare with C$14.5m. in ...same period of last year.

...r. Edgar Kaiser, the president, ... that the reduced earnings ...ected lower production result... from a 10-day work stoppage ... March by members of the ...ited Mine Workers of America ... a resulting rise in unit costs. ...gotiations for a new collective ...eement with the union are ...tinuing. Shipments of metal...gical coal amounted to 1.21m. ...s compared with 1.25m. tons ...ear ago.

... Canadian stock with a size... U.K. following is Yukon Con...idated which has done well ...n its stake of some 20 per ...t. in the Rio Tinto-Zinc ...up's 51 per cent.-owned Lornex ...per-molybdenum operation in ...itish Columbia. Yukon has ...w received C$23.4m. from the ...e of its holding in Crows Nest ...lustries to Shell Canada ...sources and is looking for new ...estment opportunities.

In the meantime the cash "has ...en placed in short term invest...ents of prime quality." Yukon ...o has a recently-increased size...le stake in Canada's Barymin ...plorations which, among other ...ivities, is examining uranium ...ssibilities in Ireland.

Barymin is holding discussions ...th "various parties" for the ...ancing of its Yava lead deposit ... Nova Scotia's Cape Breton ...and. Yukon still retains its ...ld placer claims in the Yukon ...rritory.

Meanwhile, Lornex has reported ...st quarter earnings dampened ... lower copper prices and re...ced production of the metal. ...t earnings for the past quarter ...ount to $C2.25m., or 27 cents ... share, compared with ...4.72m. in the first quarter of ...77.

At Midwest Lake in northern ...skatchewan a joint venture ...presenting Exxon, Bow Valley ...dustries and Numac Oil and Gas ... examining a find of uranium. ...llowing the completion of 35 ...illholes—work is now suspended ...nding the spring thaw—talk has ... that the mineralised zone has ... length so far defined of 2,800 ...et with widths of 100-200 feet ...nd ore grades of slightly under ... per cent. uranium oxide per ...n with "significant" values in ...ckel and silver.

High-grade uranium inter...ctions are claimed by Norcen ...ergy Resources from recent ...illing on the Blizzard property ...ar Beaverdell in British ...lumbia which is held under option from Noranda Mines. Grades of approximately 2 lbs of uranium oxide per ton over an average width of five metres were obtained in 30 out of 33 holes drilled last year.

This year a further 13 holes have been completed and assays from five of them have ranged from 2 lbs to 140 lbs uranium oxide over intersections of one metre to 12 metres. At least 150 drillholes are planned for 1978. Norcen has a 40 per cent. interest in the venture with Campbell Chibougamau and E and B Explorations each holding 30 per cent.

The Saskatchewan Government's Potash Corporation of Saskatchewan has now acquired the 60 per cent. interest in the big Allan Potash Mines which was held by United States Borax and Swift Canadian.

Texasgulf owns the remaining 40 per cent. stake. Texasgulf and the Government agency have entered into an agreement which will ensure "a smooth transition and a long harmonious and profitable relationship."

Whites reject gold mines' pay offer

WAGE negotiations on the South African gold mines have reached the confrontation stage, reports Richard Stuart from Johannesburg. The Council of Mining Unions is seeking a 15 per cent. increase in wage and fringe benefits for its white members, but the Chamber of Mines, in a statement to the unions, responded that the best it could afford was a 5 per cent. increase. Initially the mines had offered only 4 per cent.

The unions rejected the mines' offer, labelling it derisory. They have now threatened the mines with confrontation if their demands are not met by this Friday. If a dispute is declared, the Minister of Labour will have to appoint a conciliation Board. Although this is the first step towards a legal strike, legislation provides for extensive cooling-off periods for further negotiations.

Last year the union men received only a 5 per cent. increase, which was one of the lowest in recent years. Hostility between the unions and the mines has been building up all year. Now that wage negotiating time is here again, the unions are not in a mood to be soft soaped by "tragic mine hard luck stories." The miners are becoming increasingly suspicious of the cost escalation figures that the mines are claiming.

STEADY RISE IN GOLD OUTPUT

After climbing steadily since the beginning of the year, South African gold production in March was at its highest level since September 1977, the latest statistics from the Chamber of Mines reveal.

March output was 1,905,970 ounces compared with 1,812,930 ounces in February and 1,795,361 ounces in January. The cumulative total at 5,514,261 ounces is running 171,936 ounces ahead of the total at the same time in 1977. Output for the whole of 1977 was the lowest for 16 years.

Production therefore remains at a low ebb. At this time last year the mines were only beginning to arrest a decline in output which started five months before. At that time the problem was a labour shortage.

Although this has been resolved and the mines generally have a full complement of employees, there have been difficulties over training. At the same time the 11-shift fortnight for white employees has contributed to lower productivity.

MINING BRIEFS

WITWATERSRAND NIGEL — March 1978: Ore milled 55,700 tonnes (December quarter 59,200 tonnes). Revenue R1,251,198 (R1,527,071). Costs R1,637,348 (R1,537,197). Loss after taxation R325,850 (profit 19,374). Capital expenditure R192,302 (R166,964).

Freeport may start Nevada gold mine

FREEPORT MINERALS could have an open-pit gold mine operating in Nevada by 1982, Mr. Paul Smith, the president, told shareholders at the annual meeting. Earlier, in the annual report, he had classified the Nevada prospect as the group's "most promising mineral exploration project."

Drilling at the prospect has been intensified and on one section mineralisation has been indicated over a length of 4,700 feet. "If this finely disseminated mineralisation proves to be continuous, we will have 5m. tons or more of material containing an average of better than 0.3 ounces of gold per ton," Mr. Smith said.

The Nevada venture is part of a Freeport growth programme in which there has been some reordering of priorities. Oil and gas exploration has been stepped up, a project for the recovery of uranium from phosphoric acid has been launched, phosphate reserves have been expanded and greater emphasis is being given to the search for precious minerals.

The prevailing economic conditions have clipped earnings, however. Net profits in 1977 at $21.2m. (£11.6m.) were less than half those of 1976 and Mr. Smith was not able to offer shareholders much prospect of immediate improvement.

This year's first quarter earnings will be around 48 cents a share, he said, against 52 cents in the first three months of 1977. The annual report predicted that results from agricultural minerals, which comprise threequarters of domestic earnings, will be lower this year.

Last year earnings were dragged down by losses at the copper venture in Indonesia and at the Greenvale nickel-cobalt project in Queensland, where Freeport is in partnership with Metals Exploration.

At the annual meeting, Mr. Smith offered no fresh news about Greenvale, but he pointed out that losses in Indonesia had been cut back to about 7 cents a share during the first quarter from 21 and 20 cents in the two preceding quarters.

"If there is no recurrence of the output interruptions that plagued operations last summer and if planned objectives can be achieved, Freeport Indonesia should be able to about break even financially over the remainder of the year at the present world copper price of 59 cents," Mr. Smith said.

Daniel Ludwig wins bauxite concession

MR. DANIEL LUDWIG, the American billionaire recluse, whose interests in Brazil range from cattle ranching to pulp and china clay, has been granted a concession to work substantial bauxite lodes in Oriximina, Para state, in the Amazon region, writes Diana Smith from Rio de Janeiro.

The Santa Patricia Mining Company, owned by Mr. Ludwig, will work bauxite deposits close to those of Trombetas, property of Rio do Norte Mining, a joint venture of Brazil's state-owned CVRD, Alcan and other foreign concerns.

Para state contains 90 per cent. of all Brazil's bauxite reserves—that is, 1.54bn. tonnes out of 1.73bn. tonnes. The Oriximina municipality alone contains 1.089bn. tonnes of high-ratio (between 46 and 56 per cent.) bauxite. Santa Patricia Mining has a concession for 5,000 acres, which could be extended to 25,000.

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BIDS AND DEALS

U.S. tax laws aid Heywood purchase of Hanson offshoot

BY ANDREW TAYLOR

Heywood Williams, suppliers of glass and aluminium products to the building industry is attempting to move into the U.S. hotels and restaurant industry through a neat package deal by which it will assume liabilities of $700,000 and in return get a business with a net book value of $5m.

The deal involves the hotel and restaurant business of **Interstate United Corporation**, the U.S. public food group which is 77 per cent.-owned by Hanson Trust and which has an annual turnover of $300m. Hanson Trust also has a 24 per cent. stake in Heywood Williams.

Mr. Douglas Oliphant, chairman, and joint managing director of Heywood said that the deal had been made possible by U.S. tax laws which allowed a group to claw back half the difference between the proceeds of a sale and the book value.

"As there are no proceeds in this case Interstate estimate that they will be getting between $2½m. and $3m. in cash back from the Government," said Mr. Oliphant.

"In addition the terms of the deal allow Interstate to retain around $1.4m. in cash and from debtors—so in total the group will be releasing around $4½m. in cash."

Mr. Oliphant said that Hanson had not been involved in setting up the deal—which is conditional upon shareholders approval.

He said that he expected the hotel and restaurant business to turn in profits in the first year of between $200,000 and $300,000 on sales of around $10m. to $12m. The deal would transform Heywood's balance sheet, he said.

Mr. Oliphant explained that the $700,000 liabilities referred to long-term mortgages on the freehold properties which his group would be acquiring. He said that the hotel and restaurant business represented an insignificant proportion of Interstate's total annual sales.

DRG IN £5.7M. PROPERTY INVESTMENT

The **Dickinson Robinson Group Pension Fund** has acquired further property investments totalling over £5.7m. through its property adviser, Richard Ellis.

The principal new investment is freehold of a 7½-acre warehouse estate in Argyle Way, Stevenage, from Audley Properties, a subsidiary of Bovis. DRG is providing interim finance for development of two office buildings fronting Stevenage station, providing total of 23,250 square feet of offices and 100,000 square feet of warehousing in 11 units being constructed in two phases.

Of the first phase, which is under construction, one of the office buildings and one warehouse unit have been pre-let to Control Dataset.

Total development value will be in excess of £4m. In addition, DRG has acquired a shop investment in Broad Street, Reading, an industrial development in Alperton, Middlesex, and an office development in Swindon in the total sum of £1.7m.

DENBYWARE

The final withdrawal of stoneware potter, **Denbyware**, from its ill-fated American furniture importing business, was marked yesterday by the resignation of the director responsible, Mr. R. White. Mr. White intends to set up his own furniture business "in due course," according to a statement issued yesterday.

The move comes just less than a year after the resignation of Mr. Lionel Simons, Denbyware's deputy chairman who was based in the U.S. where substantial losses had occurred, mainly on the non-stoneware imports. As a result of these two moves, Denbyware has now reverted to concentrating on its traditional stoneware pottery.

RHM RESTORES VOTING STRENGTH IN WHEATSHEAF

Ranks Hovis McDougall has converted its 1.5m. **Wheatsheaf Distribution and Trading** "A" shares into Ordinary shares. The move comes soon after a bid for Wheatsheaf from Linfood Holdings. The effect is to increase RHM's votes in respect of this holding from 1.2m. to 1.5m.

RHM became the holder of "A" shares when it floated off Wheatsheaf as a public company. At that time RHM was keen to show that it would not dominate Wheatsheaf. Accordingly the "A" shares had less voting rights than the Ordinary shares: they had four votes for every five shares.

Since that time the RHM stake has been diluted, but 68,000 Ordinary shares were acquired. The total of 1,568,000 shares now in RHM's hands represent 9.45 per cent. of the voting rights.

TATE & LYLE

Tate and Lyle has sold a minor subsidiary, Uniscreeds, to Ronacrete. Uniscreeds manufactures special resins for floor and roof screeds. Ronacrete is a private company specialising in thin section concrete technology.

Agreed bid for Marler Estates

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR. LESLIE MARLER, the 78-year-old chairman and managing director of **Marler Estates** is negotiating the terms of an agreed takeover from an unnamed institutional purchaser. Mr. Marler, whose family and fellow directors control over 60 per cent. of the property group, expects the terms of the bid to be announced on Wednesday. In the meantime, the shares have been suspended at 21p, giving a market capitalisation of £740,000.

Mr. Marler explained yesterday that the takeover had been arranged because of his age. But he plans to keep his shares in the company and to act as its consultant. He would not disclose the name of the purchaser, but comments that they are "highly respectable people."

Marler Estates, which holds a £1.5m. property portfolio, returned to the Stock Market in 1973 after a 13-year suspension. As City and Borough Property the company had been taken over by Capital and Counties Property Company, the group which Mr. Marler directed during its period of meteoric growth in the 1980s. Capital and Counties yesterday denied that it was bidding for Marler once again. And Guardian Royal Exchange Assurance, which provides a £1m. First Mortgage Debenture Stock to Marler was unable to comment on the negotiations.

Apart from its Ordinary shares, Marler has a £100,000 issue of 4½ per cent. Cumulative Preference shares in issue. But the stock, frozen yesterday at £44, was last dealt in 1972.

W. OF E. TRUST BUYS REMNANTS OF GORDON JOHNSON

The change of ownership of poultry processing machinery maker, Gordon Johnson-Stephens is now complete. Yesterday, **Simon Engineering** announced that its offer for the bulk of the companies in the group had gone unconditional, and **West of England Trust** stated that it had completed the purchase of the three remaining subsidiaries.

These are Matthias Spencer, which manufactures mining and civil engineering equipment; Woodberry Chillcott, a steel stockholder and distributor of fasteners and engineers tools; and John Vessey, a dormant company.

West of England has paid £770,096 in cash for the three companies and has also procured repayment of £480,000-worth of debts owed by the three to G J-S group. At the same time G J-S has repaid loans of £681,758 owing to West of England. In addition, West is due to receive repayment at par of £46,061 of convertible loan stock plus £411,214 in cash as proceeds of the purchase of its stake in G J-S by Simon Engineering.

The three companies which West now owns had net tangible assets of £455,000 at the September balance sheet date (excluding £260,000 in dividends paid to G J-S after that date). Profits of Spencer and Woodberry for the year to March, 1978 have been estimated at £300,000 approximately.

West has plans to develop the business of Woodberry and Spencer.

JOHN SWIRE STAKE IN STIRLING SHIPPING

John Swire and Sons, the private overseas trader and transport company, is to buy a minority stake in **Stirling Shipping**, which operates six supply vessels in the North Sea, for an undisclosed sum.

A spokesman for Swire said yesterday that the acquisition was part of the group's expansion into the offshore oil industry. Swire already has experience of this kind of operation in the Far East.

Negotiations are not yet complete but Swire is expected to take a 49 per cent. stake, some of which will provide new funds for Stirling and the rest will be for shares held by Stirling's parent company, Harrisons (Clyde).

Harrisons owns two bulk carriers and a spokesman said yesterday that business in that area was poor. However, he said that the sale of shares in Stirling was not a defensive move. Stirling would be expanded and partnership with John Swire would bring benefits in terms of knowledge, contacts and the new finance, he said.

He declined to reveal the shareholders' funds or borrowings either of Stirling or Harrisons.

ALPINE HOLDINGS BUYS BATHROOM SHOWER MAKER

Alpine Holdings, the aluminium double-glazing and bedroom furniture group has acquired **Dolphin Holdings**, the Worcester based bathroom showers company in a deal which could cost more than £1½m.

Mr. James Gulliver, chairman of Alpine, said yesterday that the deal would extend Alpine's interests which are now almost entirely related to the home improvement industry.

Alpine is to pay an initial consideration—half cash and half shares—of £632,000 but will also pay further sums based on Dolphin's profits over the next three years. Last year Dolphin turned in pre-tax profits of £420,000 and on this basis the eventual cost to Alpine will be almost £1.3m.

The further consideration will be satisfied, subject to Alpine's option, by either cash payments or as to one half cash and one half Alpine shares at the then market price

Net assets of Dolphin at the end of last year were £1.15m. including £499,980 of deferred tax. Sales last year rose from £4.8m. to £5.7m. but pre-tax profits declined from £606,000 to £420,000.

Meanwhile the deal by which two directors of Alpine and associates of Mr. Gulliver are to take a 29½ per cent. stake in Morgan Edwards has been cleared by Morgan Edwards shareholders at an EGM. The deal could provide an ideal vehicle for Mr. Gulliver should he wish to make a return to food retailing at the end of this year.

HARCROS TRUST

Harrisons and Crosfield has received acceptances from holders of 77.22 per cent. of the **Harcros Investment Trust** which it bid for. If sufficient acceptances are received, H and C intends to apply the provisions of Section 209(1) of the Companies Act 1948 with a view to acquiring compulsorily any outstanding stock in Harcros. The offer will close at 3 p.m. on May 10, 1978.

The cash alternative, following the capitalisation issue, amounts to 27½p for each Harcros Stock Unit. The share offer of one H and C share for every 13 Stock Units of Harcros has a current value of 34.61p based on the middle market quotation of 450p per H and C Ordinary share on April 21, 1978.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

McDonnell Douglas upsurge

NEW YORK, April 24.

McDONNELL Douglas Corporation reported net earnings for the first quarter of $1.02 a share, against 73 cents. Total net earnings increased to $39.6m. from $28m. Sales of $986.8m. compare with $759.3m.

This year's quarter net includes *a gain from the sale of* real estate of $4.8m., or 12 cents a share.

Firm backlog at the end of the first quarter was $4.61bn., compared with $2.93bn. the year before. Total backlog was $6.88bn., against $5.89bn. the year before.

Capital spending budget this year is $111m., Mr. Sanford N. McDonnell, president and chief executive, told the annual meeting. Capital expenditures last year totalled $54.8m.

"More than $59m. will be spent at our facilities in the St. Louis area and more than $44m. at our Southern California installations," McDonnell said. "The remainder will go to smaller installations in order places," he added.

Deliveries of Jetliners will be at a slower rate than anticipated in the next two or thre quarters because of the 13 week strike at the commercial aircraft facilities in California.

The company said it expects this to be made up later with accelerated production.

Despite the strike, which began on January 13, McDonnell says it delivered five DC-10s and four DC-9s in the first quarter, against three of each model a year earlier.

Agencies

Tough time at Ashland Oil

NEW YORK, April 24.

ASHLAND OIL reported net earnings for the second quarter *of 43 cents a share against 92* cents. Total net of $15.5m. compared with $28.5m. revenue of $1.21bn. increased from $1.15bn. For the six months net earnings of $55.5m. or $1.75 show falls from $72.4m. or $2.48 last time. Revenue increased to $2.52bn. *from $2.35bn.*

Mr. Orin E. Atkins, the chairman attributed the decline in net income to depressed product price margins and weather-related problems in Ashland's petroleum operation as well as to the effects of the coal strike.

Meanwhile, Commonwealth Oil Refining has extended credit agreements with its bank lenders and certain other creditors, scheduled to expire last Friday, to May 19.

Agencies

Eastman Kodak reaps benefit of higher demand

BY STEWART FLEMING

NEW YORK, April 24.

A SURGE in first quarter profits from Eastman Kodak the largest U.S. producer of photographic equipment has lifted shareholders' hopes that the company may be emerging from five years of earnings stagnation which has this year driven the share price to an 11-year low of $41½.

World-wide net earnings for the company rose 50 per cent. from $94.2m. in the first quarter *of 1977 to $141m. Earnings per* share for the first quarter were 87 cents compared with 58 cents in 1977. The company reported sales revenue up 15 per cent. to $1.4bn., compared with $1.2bn. a year ago.

Mr. Walter A. Fallon, chairman and chief executive officer, said that first quarter sales reflected increased world-wide demand for Kodak products and services adding that a higher limit volume was the principal factor behind the increase. He claimed that earnings advanced *on the strength of increased* volume, improved productivity and moderately higher selling prices.

He pointed out that the comparison is with the depressed first quarter of 1977 when earnings were sharply down from the 73 cents a share reported for the first quarter of 1976.

Commenting on the outlook, Mr. Fallon said that the company is expecting good gains in sales and continued high productivity, adding that early orders for new items of equipment includingthe Kodak Ektra and Colour Burst instant cameras are very encouraging.

Exxon results hit by dollar fall

NEW YORK, April 24.

EXXON CORPORATION an*nounced net eardings for the* first quarter of $1.52 a share, compared with $1.44 previously. Total net earnings increased to $680m. from $645m. Revenue of $15.2m. compares with $14.2m. previously.

Earnings from operations which *exclude foreign exchange* translation effects and other financial and non-operating items totalled $840m. in 1978, up 13.7 per cent. from 1977.

Net foreign exchange translation losses totalling $72m. in the first quarter of 1978 contrasted to *gains of $10m. in 1977 first* quarter, reflecting weakening of the U.S. dollar during the quarter principally in relation to the Dutch guilder, French franc, German mark and Japanese yen.

Partially offsetting were gains reflecting the strengthening of the U.S. dollar in relation to the British pound and the Canadian dollar.

The weakening of the dollar late in 1977 and during the first quarter of 1978 contributed to *the increase in earnings from* operations during the first quarter although it has not been possible to determine the exact extent of this impact.

During the period since the end of the first quarter the dollar has strengthened on average, the *company commented.* This strengthening, if it holds or continues, is likely to result in some erosion of the improvement in earnings from operations attributable to the weakening of the *dollar over the past year, but* should also result in the reporting of foreign exchange translation gains.

Commenting on the first-quarter earnings from operations, Mr. C. C. Garvin Jr., chairman, said earnings from ex*ploration and production in the* U.S. totalled $306m., up 21.4 per cent. from 1977. The Alaskan North Slope operations in 1978 and higher natural gas realisation were principal contributors to the increased earnings. Partially offsetting were lower *investment tax credits and the* effect of declines in production volumes of both crude oil and natural gas in the lower 48 states.

AP-DJ

Sears 'talks on securities stake'

BY DAVID LASCELLES

NEW YORK, April 24.

RUMOURS OF a further Wall Street merger swept town to-day with a report in the Wall Street Journal that Allstate Insurance, a subsidiary of the giant Sears Roebuck group, was negotiating for a 50 per cent. stake in Smith, Barney, Harris Upham, a sizeable securities firm.

Both the companies were tight-lipped when approached for comment. However, Smith Barney did not deny the report outright. A brief statement said: "We are always exploiting various means of strengthening our firm as an independent partner in the securities industry. We have no further comment at this time."

According to the Journal report, the companies are considering two ways of introducing Allstate's resources into Smith Barney, which needs an injection of capital to secure a place among the largest securities companies with the best chances of survival.

Under one plan, Allstate would buy $17m. worth of Smith Barney common stock, half of the company's present estimated capital value of $34m.

Alternatively, Allstate's investment could take the form of a subordinated loan.

If the deal went through, it would mark the first big step into the securities industry for Allstate, which has come to be one of the most dynamic insurance companies in the U.S. It would also give Smith Barney outlets through thousands of Allstate agents and even, the Journal reports, Sears Roebuck's hundreds of shops throughout the country.

Goodyear predicts recovery

NEW YORK, April 24.

GOODYEAR TIRE and Rubber announced net earnings for the first quarter of 51 cents a share against 82 cents. Total net earnings fell to $36.7m. from $59.2m. Sales of $1.66bn. compare with $1.58bn. *Figures for 1977 were* restated for a change in accounting for leases.

The severe weather and coal strike reduced profits in the first two months of the quarter but there was a "strong comeback" in March.

The uptrend has continued into April and is expected to continue throughout the second quarter, the chairman, Mr. Charles J. Pilliod, said.

Agencies

Amerada Hess dips

Turning in first quarter profits of $32.5m. (or 82 cents a share) against $70.9m. (or $1.78 a share) on revenue up to $1.4bn. against *$1.3bn. Amerada Hess said its* earnings from refining and marketing operations amounted to $3.9m. for the first quarter of 1978 compared with $42.9m. for the comparable 1977 period, when profit margins were helped by increased selling prices and the *effect of having substantial crude* oil and product storage facilities at near capacity prior to the January 1977, OPEC crude oil price increase, reports AP-DJ from New York.

Weeden loss

With a second quarter los of $7m., up from the $2m. loss in the same 1977 period, Weeden Holding Corporation said difficult markets in both the equity and fixed income areas had reduced gross trading profit substantially from normal levels agencies report from New York. Losses incurred by Wainwright Securities in January and the subsequent liquidation of this subsidiary also contributed heavily to th quarter's loss. This brings losses for the first half to $13.2m. against a profit of $535,000 or 34 cents a share.

U.S. CHEMICALS COMPANIES

Margins feel the squeeze

BY DAVID LASCELLES IN NEW YORK

THE U.S. chemical industry, which began 1978 grappling with low profit margins and sluggish demand, received further knocks in the first quarter from forces beyond its command: the weather and the dollar. Because of this, earnings failed to pick up, and most company chairmen's reports were tinged with disappointment.

Two of the largest chemical companies, Du Pont and Allied Chemicals, managed to post higher earnings, but there were special reasons. Allied's figures marked a rise from an exceptional low in the first quarter of last year, and its earnings were still below levels set in 1974. Du Pont, the largest chemical manufacturer, attributed the rise to good results in the speciality products division—earnings from chemicals themselves were "essentially unchanged."

More characteristic of the *mood in the industry were reports* from Union Carbide and Monsanto where the slight drop in earnings was blamed on the tough conditions facing the chemicals business.

The frosty onslaught of January and February, many *companies said, combined with* the coal strike had hampered operations and cut back consumer and industrial demand. At Union Carbide, losses on this account cost about 18 cents a share, and though Dow Chemicals also blamed the weather, it *was honest enough to admit that* its pharmaceuticals division had not done badly out of the nation's coughs and colds.

Another factor was the slide of the dollar on foreign exchange markets. All the big companies said that their overseas involve*ment had exposed them to steep* losses due to the appreciation of the currencies of their foreign partners. At Monsanto, these losses were equivalent to 35 cents a share, at Union Carbide 13 cents, Du Pont 13 cents and so on.

These losses are to some extent technical since they reflect currency translation rather than actual losses in line with requirements by the Financial Accountings Standards Board. But since they affect "the bottom line" in company reports, they are taken very seriously.

The main point to emerge, though, from the quarterly reports was that, while earnings remained essentially unchanged, sales throughout the industry rose in value terms. In other words, there was a further erosion of profit margins as had been feared.

Even Du Pont, which managed to increase its earnings, issued this warning through its chairman Mr. Irving Shapiro "in inflationary times, records measured in current dollars are not the source of price that they used to be."

The broader problems facing the chemical industry we[re] summed up by Mr. John Hanl[ey] chairman of Monsanto, "[o]ur results should be viewed wit[h] the context of excess producti[on] capacity in many segments [of] the chemical industry. [We] experienced a modest year[-to-]year improvement in sales [but] the dual effect of excess capac[ity] on many product prices p[lus] general and rapidly rising r[aw] materials, energy and oth[er] costs, combined to produce [a] negative impact on operati[ng] profit margins."

In general, the quarte[rly] results seemed to bear out p[re]dictions that 1978 was going [to] be far from easy for the chemi[cal] industry, with profits virtua[lly] unchanged from last year. B[ut] bearing in mind the special co[n]ditions of the late wint[er] months, observers believe th[e] trends could improve later [in] the year.

For instance, Salomon Brothe[rs,] the leading securities firm, h[as] predicted that one of the bigge[st] pressures on chemical compa[ny] profits, rising energy and fee[d]stock costs, will ease off th[is] year. The firm predicts an ov[er]all rise of 8 per cent, again[st] 17 per cent last year. W[all] Street analysts also speak [of] improved expectations [in] organic chemicals, fibres, and t[he] chemical majors' large no[n-]chemical businesses.

The companies themselves ta[lk] of "cautious optimism." [Du] Pont expects year-end results [to] be better than 1977. Monsan[to] speaks of "reasonable pr[os]pects." But major determini[ng] factors will be the performan[ce] of the dollar, an easing of t[he] problem of world exce[ss] capacity, and stronger [in]*dustrial demand.*

U.S. CHEMICAL COMPANY PROGRESS

Per cent. change 1978 first quarter versus 1977 first quarter

	Sales	Earnings
Union Carbide	8	−3
Monsanto	2.8	−8.2
W. R. Grace	6	29
Dupont	12	39
Dow Chemicals	7.5	−14.6
Allied Chemicals	14	100

EUROBONDS

Spotlight on the primary marke[t]

BY MARY CAMPBELL

IN DULL secondary market conditions all round, most interest focussed on the primary market and particularly on the possibility of further announcements of dollar-denominated issues. Norway's $250m. issue was confirmed yesterday—it is being arranged without a separate underwriting group via an eleven-strong management group headed by Deutsche Bank.

In the D-mark sector, t[he] capital markets sub-committ[ee] meeting scheduled for to-day [to] agree the calender of bo[nd] isues for foreign borrowers [in] May, has been postponed

AMERICAN QUARTERLIES

ALBERTO-CULVER

Second Quarter	1978 $	1977 $
Revenue	43.9m.	41.6m.
Net profits	761,000	636,000
Net per share	0.18	0.15

AMERICAN EXPRESS

First Quarter	1978 $	1977 $
Revenue	917.6m.	764.5m.
Net profits	62.2m.	50.0m.
Net per share	0.87	0.69

ARMSTRONG CORK

First Quarter	1978 $	1977 $
Revenue	293.1m.	257.9m.
Net profits	14.5m.	10.8m.
Net per share	0.56	0.42

BAUSCH & LOMB

First Quarter	1978 $	1977 $
Revenue	94.8m.	82.5m.
Net profits	5.3m.	4.5m.
Net per share	0.91	0.77

CUMMINS ENGINE

First Quarter	1978 $	1977 $
Revenue	360.4m.	312.2m.
Net profits	20.8m.	21.5m.
Net per share	2.47	2.78

DETROIT EDISON

First Quarter	1978 $	1977 $
Revenue	387.9m.	379.7m.
Net profits	13.8m.	41.4m.
Net per share	0.07	0.61

DILLON

Third Quarter	1978 $	1977 $
Revenue	366.9m.	328.9m.
Net profits	6.8m.	8.6m.
Net per share	0.68	0.85
Nine Months		
Revenue	1.1bn.	952.2m.
Net profits	20.1m.	20.3m.
Net per share	1.99	2.01

DUKE POWER

First Quarter	1978 $	1977 $
Revenue	371.0m.	328.8m.
Net profits	69.2m.	61.0m.
Net per share	0.57	0.88

DYMO INDUSTRIES

Third Quarter	1978 $	1977 $
Revenue	57.0m.	54.2m.
Net profits	1.7m.	1.4m.
Net per share	0.62	0.54
Nine Months		
Revenue	160.8m.	153.8m.
Net profits	4.2m.	3.1m.
Net per share	1.48	1.21

EASTERN GAS & FUEL

First Quarter	1978 $	1977 $
Revenue	133.7m.	200.8m.
Net profits	*9.1m.	11.3m.
Net per share	—	0.51

ETHYL

First Quarter	1978 $	1977 $
Revenue	319.7m.	294.1m.
Net profits	17.7m.	17.6m.
Net per share	0.91	0.93

FEDERAL-MOGUL

First Quarter	1978 $	1977 $
Revenue	127.3m.	121.3m.
Net profits	7.0m.	6.8m.
Net per share	1.15	1.12

IDEAL TOY

Fourth Quarter	1978 $	1977 $
Revenue	25.9m.	33.0m.
Net profits	146,000	991,000
Net per share	0.04	0.29

INA CORPORATION

First Quarter	1978 $	1977 $
Revenue	970.1m.	851.8m.
Net profits	44.2m.	31.3m.
Net per share	1.76	1.26

LEVITZ FURNITURE

Fourth Quarter	1978 $	1977 $
Revenue	122.1m.	96.7m.
Net profits	3.4m.	2.8m.
Net per share	0.81	0.66

MELVILLE

First Quarter	1978 $	1977 $
Revenue	325.9m.	275.2m.
Net profits	7.6m.	6.1m.
Net per share	0.30	0.24

TONKA CORP.

First Quarter	1978 $	1977 $
Revenue	14.1m.	13.4m.
Net profits	*1.6m.	7.0m.

UNION PACIFIC

First Quarter	1978 $	1977 $
Revenue	688.1m.	602.6m.
Net profits	58.1m.	47.6m.
Net per share	1.18	1.01

UNITED BRANDS

First Quarter	1978 $	1977 $
Revenue	68.87m.	58.16m.
Net profits	4.5m.	3.5m.
Net per share	0.36	0.26

UNITED TECHNOLOGIES

First Quarter	1978 $	1977 $
Revenue	1.5bn.	1.4bn.
Net profits	52.9m.	45.7m.
Net per share	1.39	1.41

* Loss.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Further losses at Kleber

BY ROBERT MAUTHNER — PARIS, April 24.

KLEBER-COLOMBES, France's second biggest tyre group, which is linked with Semperit of Austria within the Semkler group, has announced another big loss in the 1977 financial year, after several poor years.

At group level, the consolidated loss was Frs. 36.9m. (some $8m.) after depreciation of Frs.94.8m. on turnover of Frs.2.1bn. (around $456m.).

The parent company loss, at Frs. 46.7m., after depreciation of Frs.51.5m. was even higher than the group shortfall, though sales rose by a healthy 11 per cent. to Frs.1.8bn. before tax compared with last year. Exports represented 37 per cent. of total turnover.

Most of the factors which depressed the company's earnings in 1976 continued to weigh heavily on profitability during the past year. At the Board meeting, which was held at the end of last week, the main reasons given for the disappointing results were the slack international economic climate, large and unpredictable monetary fluctuations, over-capacity of tyre production in Europe and price controls in France.

These factors were only partially compensated for by the satisfactory develpment of heavy lorry and tractor tyre sales and those of manufactured rubber parts for motor-cars.

During the first quarter of this year, sales increased by 6.5 per cent. compared with the corresponding period last year.

$43m. rescue plan for Boussac

BY OUR OWN CORRESPONDENT — PARIS April 24.

THE French Government is currently studying a Frs.200m. (some $43m.) rescue plan for the debt-ridden Boussac textile empire. The plan has just been submitted by M. Jean-Claude Boussac, the group's "managing director for life" and nephew of the organisation's founder, the 89-year-old Marcel Boussac.

The plan foresees the suppression of some 2,500 jobs out of a total Boussac workforce of 11,500, many of them in the Vosges region, the closure of a number of uneconomic plants, State aid of some Frs.200m. and a complete reorganisation of the company's management structure.

It seems doubtful, however, whether the Government will underwrite the proposed rescue operation in its present form. M. Raymond Barre, the Prime Minister, has already made it clear that the Government is no longer prepared to bail out lame ducks indefinitely, particularly those who have failed to put their houses in order in spite of the massive State aid which they have already received.

The Boussac empire's debts currently amount to some Frs.500m., and its losses in 1978 are expected to reach about Frs.100m.

Nevertheless, the authorities will certainly not wash their hands altogether of the Boussac group because of the important position it holds in the French textile industry and the number of jobs involved.

Euroc expects increase in turnover

BY WILLIAM DULLFORCE — STOCKHOLM, April 24.

EUROC, the Swedish building materials and industrial group, expects this year to break its four-year decline in turnover volume by stronger marketing efforts and the introduction of new products outside the building trade. But, while operating profit is scheduled to improve, the costs for modernising its cement mills will hold back profit performance, according to the 1977 shareholders' report.

Last year, Euroc's pre-tax earnings slumped by Kr.30m. to Kr. 33m. ($7.1m.) before the inclusion of stock gains, while sales grew by 11 per cent. to Kr.2.5bn. ($543m.). The sales growth was due entirely to price increases.

The 1977 report notes that cement deliveries had fallen by 40 per cent. from the 1973 level, with substantial declines also in high-tension insulators, ceramic products and kitchen benches. Compensating reductions in capacity have entailed costs totalling Kr.75m. over the four years.

During this period, Euroc has been trying to diversify from the building materials market into engineering products with export potential. It has also been internationalising its operations and building up a trading operation.

Mr. Sten Lindh, the managing director, comments that this policy could not give spectacular results in the short run, but had reinforced the group's overall stature. A drastic decline in the equity/debt ratio as a result of restructuring costs had been avoided only by the sale of less profitable units.

Enso-Gutzeit reduces losses to $7m.

BY LANCE KEYWORTH — HELSINKI, April 24.

ENSO-GUTZEIT, the second biggest manufacturing company in Finland, recorded a deficit of FMks30m. (some $7m.) in fiscal 1977. The loss in 1976 was FMks45m. Consolidated turnover grew 10.2 per cent. to FMks2.5bn.

The paper group accounted for 57.3 per cent. of the total sales. Depressed prices and lack of demand in the forest industry sector largely explain the unsatisfactory result for the year. The company notes in its annual report that no major changes for the better are expected in the near future in the market for forest industry products.

The situation for the engineering works weakened towards the end of the year, but it worked at 90 per cent. of capacity on average in 1977. Orders in hand at the end of the year were valued at FMks61.m.

Finnlines, the shipping division, had 32 ships sailing under its flag, of which 18 belonged to Enso itself. Income was boosted by the entry into service of the gas turbine passenger-car ferry "Finnjet" in May. It carried 145,000 passengers in seven and a half months, almost twice as many as the two old ferries in the whole of 1976. Finnlines took a 15 per cent. share in Saudi International Shipping Company.

Eurocan Pulp and Paper Co. Canada, in which Enso has a 50 per cent. interest, started up a new sawmill in September. The company increased its sales by 5.5 per cent. to FMks231m.

Germany plans new rail bond

By Jeffrey Brown

PLANS FOR a DM700m. ($336.5m.) bond issue have been tentatively put forward by the West German Federal Railways, the Bundesbahn. The funding is expected to take place towards the end of next month.

Advance warning to this extent is unusual in domestic bond markets in Frankfurt and it comes as a clear reflection of the unsettled condition of markets following the foreign exchange recovery of the dollar. All three tranches of the recently issued loan by the Federal Republic sell at a discount with the longest, 12 year tranche standing some 1½ of a point below its par issue price.

Much of the upsurge in bond prices in Frankfurt—with loan coupons dropping from 6¾ per cent. to 5¾ per cent. for long term money in six months—has been led by the international rush for Deutschmarks at the expense of the dollar. The sudden reversal in this foreign exchange trend has weakened investor sentiment dramatically.

The three-way Federal Republic issue appeared in February but has still not been fully placed. The Bundesbahn last came to the market in January when it raised DM800m. over 12 years on a coupon of 6 per cent.

Last week's new offering from the Dutch Government represented a significant shift in policy by the issuing authorities in Amsterdam.

The new State loan is to have a fixed price, unlike its two predecessors this year which were tender issues, but will stay open-ended. At the same time its coupon of 6¾ per cent. compares with 7¼ per cent. for the two earlier issues while a maturity of 20 years represents a considerable extension of life (although early or partial redemption is available by mid-1988).

Dealers in Amsterdam expect the offering to raise something like Fls.300m. ($135m.). The two earlier State tender offers, which were of 10 and 15 years respectively pulled in a combined Fls.1.15bn.

Elsewhere, the Norwegian government is to launch a Kr.1.5bn. State loan at par: it will have a life of five years and carry a coupon of 7¼ per cent. The issue price of the Sch.1.1bn. 8 per cent. bond being floated by the City of Vienna has been adjusted so that all three tranches—eight nine and 15 years—are offered at 99 per cent.

PUK in Spanish dispute

BY ROBERT GRAHAM — MADRID, April 24.

CHEMICAL group Hidro Nitro Espanola has had its 1977 accounts declared unacceptable by a major shareholder, Pechiney Ugine Kuhlmann of France.

The move follows a disagreement between Hidro Nitro and PUK over what is described as commercial policy. PUK controls 40 per cent. of the Spanish company which last year had sales of Ptas.1.7bn. ($21m.).

PUK representatives decided to take this action on Saturday when Hidro Nitro's annual meeting agreed to re-elect a former finance minister Sr. Juan Miguel Villar Mir, as president. This re-election took place against the express wishes of PUK who had sought to prevent the renewal of Sr. Villar Mir's presidency—the latter having held the job for some ten years.

Sr. Villar Mir was only able to get himself re-elected by resort to a little-used Spanish legal device governing relations between Spanish companies and foreign partners. According to this regulation foreign partners can be prevented from intervening to nominate Board members of their choice. Business sources cannot record a previous instance of such a device being used against a foreign company. The French shareholders had sought last month to prevent Sr. Villar Mir's re-election.

A spokesman for PUK in Paris pointed out that relations between PUK and the three non-PUK nominees on the five man Board were "very strained." He said that PUK had been left with little option but to block approval of the 1977 balance sheet so that another extraordinary meeting could be held.

The proposals before the Board included approval of a Psts.1bn. new share issue. The company produces among other things calcium carbonate, manganese silicate and ferro-manganese. It is also involved in cement production.

Until now there has been no serious suggestion that Puk abandon its shareholders in Hidro Nitro, which it first acquired in 1969 when the company had been forced to reduce its capital by 30 per cent. due to financial difficulties. However, Puk is anxious that in the current recession the company pull in its horns. More importantly there are disagreements over how and whom should conduct Hidro Nitro's international marketing.

PUK apparently wants to be responsible for this. Spokesmen for Hidro Nitro were not available for comment but the FT understands that the two opposing factions are deadlocked and can only be resolved by a new meeting, in which it is hard to see the controlling partner PUK climb down.

Meanwhile the foreign business community here is assessing the impact of the invocation of a regulation that could inhibit attitudes to foreign investment.

Ennia sees further increases

BY CHARLES BATCHELOR — AMSTERDAM, April 24.

ENNIA the Dutch insurance group, reported a strong increase in 1977 net profit, despite continuing losses in its general insurance business. A great effort will be needed to achieve an adequate return on this part of its operations, particularly in Holland, the company said.

It expects the positive trend of net profit in the past few years to be continued in 1978. A further increase in the result for its life insurance and non-insurance activities is also likely.

Net profit in 1977 rose 20 per cent. to Fls.42.9m. ($19.4m.) from Fls.35.8m. on gross receipts 21 per cent. higher at Fls.1.85bn. (Fls.1.52bn. in 1976).

The net profit figure includes Fls.2.1m. from the sale of property (Fls.4.9m. in 1976) and a charge of Fls.8.2m. to cover the cost of a dollar convertible debenture issue and extra payments to the staff pension fund. Earnings per Fls.20 nominal share rose to Fls.23.95 from Fls.20.71, taking into account the optional scrip dividend of 1976.

The company proposes raising its 1977 dividend to Fls.7.50 from Fls.6.50. The final dividend will be Fls.4.75 in cash, or Fls.0.75 in cash and a one for 30 share issue.

Gross receipts from life insurance rose 19 per cent. while new business was 18 per cent. higher. Pre-tax profit rose to Fls.55.1m. from Fls.47.3m. after policyholders' participations. The general insurance division achieved a 22 per cent. rise in gross receipts, and its loss of Fls.14.4m. was lower than the Fls.17.4m. the year before.

Amfas maintains payout after profit rise

BY OUR OWN CORRESPONDENT — AMSTERDAM, April 24.

AMFAS, the Amsterdam-based insurance company, plans to pay an unchanged Fls.5.80 dividend in 1977 on capital increased by 20 per cent. during the year. The final payment will be Fls.3.80 in cash or Fls.1.60 cash and Fls.0.60 in shares from the share premium reserve.

The company's final figures for 1977 (provisional figures were published in February) show net profit rose 18.8 per cent. to Fls.29.4m. ($13.2m.) on sales 15.2 per cent. higher at Fls.1bn.

Profits up at Georg Fischer

By John Wicks — ZURICH, April 24.

CONSOLIDATED group turnover of the Swiss engineering concern Georg Fischer rose by 4.5 per cent. last year to Sw.Frs.1.4bn. ($714m.) from Sw.Frs.1.34bn., with group cash flow up to Sw.Frs.81m. (Sw.Frs.77m. and group profits to Sw.Frs.20m. ($10.2m.) from Sw.Frs.18m.

The parent undertaking, Georg Fischer AG of Schaffhausen, improved net profits from Sw.Frs.7.14m. to Sw.Frs.8.67m. for the year and its Board recommends payment of unchanged gross dividends of Sw.Frs.5 per registered share and Sw.Frs.25 per bearer share.

The annual general meeting, to be held on May 18, will also be asked to agree to the creation of approved participation-certificate capital of up to Sw.Frs.10m.

Bremer Vulkan holds dividend

By Adrian Dicks — BONN, April 24.

BREMER Vulkan, the West German shipbuilding and engineering group controlled by Thyssen-Bornemisza, is maintaining its DM7.50 per share dividend for 1977, despite a situation in the shipbuilding industry that, as its annual report makes plain, remains extremely worrying.

The report says the company will be busy with work in hand until the beginning of next year. It has on its books orders for six frigates for the West German Navy, three container ships, two timber ships and a roll on/roll off vessel, as well as the conversion of four general cargo ships into container carriers. The total value was DM2.3bn. ($1.1bn.) at the beginning of this year, with the naval order worth just under DM1bn.

Thanks to last year's deliveries Bremar Vulkan saw turnover rise from DM544m. to DM793m. in 1977, but profits on sales fell from 4 to 2.6 per cent. and declined slightly in absolute terms from DM20m. to DM18.9m.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE SECURITIES COMPANIES

Smaller houses fare better

BY YOKO SHIBATA

TOKYO, April 24.

JAPAN'S BIG four securities companies, Nomura, Nikko, Daiwa and Yamaichi, have reported strong half-year results—helped by the stock market rally, and by a sharp increase in bond transactions, with the higher issues of Government bonds.

The results show, however, substantially sharper increases in net profits for the smaller houses than for the larger. At Nomura, the biggest house, there was a rise of 9.3 per cent. in net profits to Y19.6bn. ($86.7m.), while at Nikko there was a gain of 24.9 per cent. to Y15.57bn. ($68.9m.), and at Daiwa an increase of 27.5 per cent. to Y9.03bn. ($40m.)—and at Yamaichi growth of 85.1 per cent. to Y7.12bn. ($31.5m.).

As a result of growth in commission receipts and swelling profits on sales of securities, mainly in bond transactions, the four securities companies improved their revenue performances with a gain of 13 per cent to Y102.8bn. ($455m.) being shown at Nomura, expansion of 18.1 per cent. to Y70.1bn. ($310m.) at Nikko, and of 17 per cent. to Y57.7bn. ($255m.) at Daiwa, and a rise of 15.9 per cent. to Y50.8bn. ($225m.) at Yamaichi.

At Nikko Securities, bond income on a commission basis was said to have become more important, accounting for about 22 per cent. of all commission income compared with about 17 per cent. a year earlier. Stock commissions had increased in amount but remained flat as a percentage of the total.

INTERIM RESULTS

	Net profit for half-year to 31.3.78	Gain on half-year to 31.3.77
Nomura	19.60	9.3
Nikko	15.57	24.9
Daiwa	9.03	27.6
Yamaichi	7.12	85.1

Commission revenue at Nomura was down 3.1 per cent. from a year earlier to Y64.877bn. but income from sales of securities rose 165 per cent. to Y23.894bn. Interest and dividend income was down 7 per cent. to Y11.64bn.

At Nikko, commission revenue gained 8.7 per cent. to Y50.22bn. while profit on sales of securities income rose 105.3 per cent. to Y12.54bn. Income from dividends and interest rose 4.6 per cent. to Y7.77bn.

At Yamaichi Securities, commission revenues gained 11.8 per cent. to Y36.56bn. and profit on sales of securities rose 66.6 per cent. to Y8.502bn., while income from interest and dividends dipped 4.8 per cent. to Y5.803bn.

Daiwa said that commission revenues were up 17 per cent. to Y39.080bn. Profit from sales of securities was up 88 per cent. to Y12.412bn. and income from interest and dividends down 5 per cent. to Y6.2bn.

Recurring profits were Y38.9bn. for Nomura (up 18.4 per cent.), Y30.1bn. for Nikko (up 22.9 per cent.), Y17.2bn. for Daiwa (up 20 per cent.) and Y12.3bn. for Yamaichi (up 26 per cent.).

For the current fiscal year, ending September, 1978, the Big Four securities companies expect a sound rally in the bond and stock markets, backed by active investment by Japanese corporations of their excess liquidities resulting from the strength of the yen in the foreign exchange market.

Good year for Straits Trading

SINGAPORE, April 24.

STRAITS TRADING Company raised its net profit by 18.7 per cent. in 1977 to $S16.54m. ($US7.1m.), from $S13.94m. in 1976.

Group turnover increased 8.1 per cent. to $S890m. ($US380m.) from $S839m.

Parent company net profit was 18.66m. ($US8.0m.), against $S10.63m., on turnover of $S883m., compared with $S832m.

A dividend of 18 cents gross has been declared, making an unchanged total of 30 cents gross.

A one-for-three bonus share issue is proposed.

Straits Trading said that full provision was made in the accounts against equity and loan investments in Malaysian Titanium Corporation totalling $S7.07m.

The group's interest in certain investment was equity accounted for the first time last year, and 1976 comparative figures were adjusted accordingly. It did not specify the investments.

Malaysian Titanium, 30 per cent. owned by Straits Trading subsidiary Malayan Tin Smelting and Finance Company suspended production in August because of operational difficulties combined with a slump in the rutile market.

Reuter

Oversea-Chinese Bank

THE LEADING Singapore Bank, Oversea-Chinese Banking Corporation (OCBC), has chalked up an 11 per cent. increase in group net profit, to $S38.7m. ($US16.6m.), for 1977 writes H. F. Lee from Singapore.

At the parent company level, net profit rose at the lower rate of 8.8 per cent. to $S28.5m. ($US12.3m.).

The results, however, were below market expectations and also, below the average growth rate registered by its two main competitors, the United Overseas Bank and the Development Bank of Singapore.

OCBC has declared a final gross dividend of 5 per cent. and a bonus dividend of 7 per cent., which, together with the interim dividend of 5 per cent., make a total of 17 per cent. for the year.

OUB advance

OVERSEAS UNION Bank (OUB)—one of the "Big Four" Singapore banks—has reported a 17 per cent. increase in group net profit, to $S13.3m. ($US5.7m.) in 1977, writes H. F. Lee from Singapore.

Net profit of the parent company was 17.9 per cent. higher, at $S11.96m. ($US5.1m.).

OUB has declared an increased gross dividend of 12 per cent., compared with 8.3 per cent. previously after adjusting for last year's bonus and rights issues.

Canon lifts profit but sees brake on growth

By Our Own Correspondent

TOKYO, April 24.

CANON, Japan's leading manufacturer of cameras raised its consilidated net profits by 33 per cent. to Y8.34bn. ($36.9m.) in 1977, from Y6.27bn. in 1976 —*but expects no growth in net profits this year*, in view of the deterioration in the export outlook caused by the rise in the yen in the foreign exchanges, and foresees modest growth in sales.

The adverse effect of the yen's rise in 1977 was offset, the company said, by rationalisation and by production expansion, by raising f.o.b. prices and by trading in the foreign exchange market.

Consolidated sales in 1977 went up by 27 per cent. to Y194.34bn. ($860m.), from Y152.93bn. Overseas sales accounted for 65 per cent. of the total at $126.36bn., against Y91.76bn. the previous year, when exports were 60 per cent. of total sales.

Sales of Canon's main product, cameras, increased by 27 per cent. as a result of brisk demand for single lens reflex cameras led by AE-1. Copier equipment sales also improved, by 39 per cent. Export growth *led to substantial improvement* in the profit performance of overseas sales outlets such as Canon U.S. and Canon Amsterdam.

For the current fiscal year, the company expects a sales rise of 2.7 per cent. to Y200bn.

Hanasaki faces bankruptcy

HANASAKI, a women's and children's apparel maker based in Tokyo, applied on Monday with Tokyo District Court for court protection under the corporate rehabilitation law, facing bankruptcy, according to Teikoku Kowiho, a private company credit inquiry agency, AP-DJ reports from Tokyo.

It is the second apparel maker to go bankrupt in less than a month, following Van Jacket with debts of *Y50bn.* Debts for the collapsed company are estimated at about Y8bn. ($US35.3m.), Teikoku Koshinsho said.

Woodside financial adviser to assist gas development

BY JAMES FORTH

SYDNEY, April 24.

Woodside Petroleum—which is jointly controlled by Broken Hill Proprietary and the Shell Group—is to appoint a financial adviser of "international standing" to assist in the $A2.5-3bn. development of the liquefied natural gas (LNG) project based on the Rankin field off the north west coast of Australia, in which it is participating as a member of the North West Shelf consortium, and to guard the interest of "all shareholders."

The adviser—expected to be appointed soon—will be independent of major shareholders and other participants, it was said at the company's annual meeting. The appointment is being made because of the size of the sums involved, and the complexity of having two major shareholders and a "host" of smaller shareholders.

The chairman of Woodside, Mr. J. G. Donaldson, said that the company would be responsible for raising 50 per cent. of the total in equity and loan funds—the proportions of which were yet to be determined.

Good progress was being made with the planning and definition phase of the LNG project. Last month the Board decided to establish a commercial group within Woodside with the responsibility for its 50 per cent. participating interest in international marketing, project financing, legal, fiscal and corporate affairs.

The group would perform the same functions for the BHP-Shell offshoot, North West Shelf Development, a 16.66 per cent. participant in the shelf venture and the major shareholder in Woodside.

Marketing discussions were progressing and potential LNG purchasers in Japan and the U.S. had shown great interest in the project.

The development of the venture would be the largest resource development undertaken in Australia.

* * *

Allied Mills, the flour and food group, lifted earnings only 3 per cent. from $A2.43m. to $A2.5m. ($US2.85m.) in the half-year to February, writes James Forth. Pre-tax profits actually dipped 12.7 per cent. although sales increased 16.6 per cent. to $A125m. ($US142m.).

Wah Kwong Shipping holds firm

BY DANIEL NELSON

HONG KONG, April 24.

WAH KWONG Shipping and Investment announced a net consolidated profit of $HK75.8m. ($U.S.16.3m.) for the year to December 31, slightly up from the *$HK74m. made in 1976.* The chairman, T. Y. Chao attributes the company's ability to maintain performance in the face of the depressed state of the shipping market to its policy of fixing vessels on a long-term basis and not acquiring vessels without securing a remunerative charter.

The recurring profit was $HK67.1m. compared with $HK48.1m. the previous year, a 40 per cent. increase. Net profit from the sale of vessels was $HK8.7m.

The final dividend will be 21 cents (20 cents in 1976) making a total of 30 cents, a 3.5 per cent. increase.

The group sold five ships during the year and took delivery of four nwe ones which were immediately handed over to charterers. The associated company, Gem Carriers, acquired an ore/oil carrier on an eight-year time charter, and as a result of these changes the fleet's tonnage increased to 1.73m. deadweight tons by the end of 1977.

The chairman said that increased crude production in the North Sea, Alaska and Mexico, completion of some large-scale pipelines and development plans for the Suez Canal might all dampen the demand for tanker tonnage.

Similarly, he said, over-supply of tonnage, the general economic slowdown and its impact on the steel industry were likely to prevent an early recovery of the drycargo market.

"Nevertheless, with an increase of ageing and non-profit-making tonnage going into the breakers yards, there may be a gradual improvement in the overall demand and supply situation."

Mr. Chao said that through continuing to follow its chartering policy the company should maintain its 1978 dividend at the 1977 level.

Fairfax buys back Sungravure

By Our Own Correspondent

SYDNEY, April

THE MAJOR newspaper and media group, John Fairfax, regained complete ownership of the magazine publishing company, Sungravure Pty. Fairfax owned Sungravure outright until 1969 when it sold a 50 per cent. interest to International Publishing Corp. of the U.K. which also took over management of the company.

In 1975 IPC sold out to a private company, Sungravure Holdings Pty., which is controlled by Mr. R. W. G. Henderson, a former manager of Sungravure Pty. and a son of Fairfax director, Mr. R. A. Henderson. At the time of this sale the magazine company was incurring losses and Fairfax took over management.

In 1976 Sungravure earned a profit of $A837,000 ($US948,000) wiping out a deficit on shareholders' funds. Earnings dipped to $A122,000 in 1977 and a substantial increase is expected in 1978.

Sungravure publishes Woman's Day, Woman's World, People, Dolly, Cosmopolitan and Electronics Australia. No change in the policies, activities or structure of the company is contemplated.

The purchase price was undisclosed but the directors said it did not involve more than 10 per cent. of the written down value of the fixed assets and investments.

Can maker taken over

CONTAINERS said it has purchased the can making assets in Queensland and Victoria of Queensland Can Company, a wholly-owned unit of Mc Brothers and Thomson, reports Reuter from Melbourne. The purchase, effective from April, is for cash but the company declined to state the amount.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	96½	97½
AMEV 8pc 1987	97½	98
Australia 8½pc 1992	94½	95½
Australian M. & S. 9½pc '92	98	98½
Barclays Bank 8½pc 1992	97½	98½
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8⅞pc 1986	97½	98½
Credit National 8½pc 1986	98½	99
Denmark 8½pc 1984	100½	101
ECS 9pc 1993	98¾	99½
ECS 8½pc 1997	95½	96½
EIB 8¾pc 1992	99	99¾
EMI 9½pc 1989	98½	99
Ericsson 8½pc 1989	97½	98
Esso 8pc 1986 Nov.	101¼	101¾
Gt. Lakes Paper 8½pc 1984	98¾	99½
Hamersley 9½pc 1992	*100½*	101
Hydro Quebec 9pc 1992	96½	97
ICI 8½pc 1987	97¾	98½
ISE Canada 9½pc 1986	104½	105
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc 1991	97	98
Michelin 9½pc 1988	102½	103
Midland Int. Fin. 8½pc '92	98½	99
National Coal Bd. 8pc 1987	94¾	95½
National Wstmnstr. 9pc '86	101½	102
Newfoundland 9pc 1989	101½	102
Norges Kom. Bk. 8½pc 1992	97½	98½
Norpipe 8½pc 1989	98	98½
Norsk Hydro 8½pc 1992	96½	97½
Oslo 9pc 1988	101½	102
Ports Autonomes 9pc 1991	98¾	99½
Prov. Quebec 9pc 1995	96½	97
Prov. Saskatch. 8⅞pc 1986	99¾	100½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93½	94½
Selection Trust 8½pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93¾	94½
Sweden (K'dom) 8½pc 1987	96½	97
United Biscuits 9pc 1989	99	99½
Volvo 8pc 1987 March	93	93¾
NOTES		
Australia 7½pc 1984	96	96½
Bell Canada 7½pc 1987	95½	96
Br. Columbia Hyd. 7½pc '85	94½	95
Can. Pac. 8½pc 1984	99½	100½
Dow Chemical 8pc 1986	98	98½
ECS 7½pc 1982	97	97½
ECS 8½pc 1989	96	96½
EEC 7½pc 1982	97½	98
EEC 7½pc 1984	96	96½
Enso Gutzeit 8½pc 1984	97½	98
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1983	98½	99
Michelin 8½pc 1983	97½	98½
Montreal Urban 8½pc 1981	98½	99
New Brunswick 8pc 1984	99½	100½
New Bruns. Prov. 8½pc '83	101	101½
New Zealand 8½pc 1986	97½	98½
Nordic Inv. Bk. 7½pc 1984	100½	101½
Norsk Hydro 7½pc 1983	98½	99½
Norway 7½pc 1983	96½	97
Ontario Hydro 8pc 1987	96½	97
Singer 8½pc 1982	100½	101
S. of Scot. Elec. 8½pc 1981	100	100½
Sweden (K'dom) 7½pc 1982	97½	98½
Swedish State Co. 7½pc '82	98	98½
Telmex 9½pc 1984	99½	100½
Tenneco 7½pc 1987 May	94½	95
Volkswagen 7½pc 1987	94½	96½
STERLING BONDS		
Allied Breweries 10½pc '90	90½	91½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	90½	91
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	94½	95
EIB 9½pc 1992	94½	95
Finance for Ind. 9½pc 1987	90½	91
Finance for Ind. 10pc 1989	91	91½
Fisons 10½pc 1987	94½	95½
Gestetner 11pc 1988	94½	95½
INA 10pc 1988	90½	91½
Rowntree 10½pc 1988	90½	91½
Sears 10½pc 1988	90½	91½
Total Oil 9½pc 1984	93½	94½
DM BONDS		
BFCE 5½pc 1989	98½	99½
BNDE 6½pc 1986	96½	97½
CFE 6½pc 1988	96½	97½
Denmark 5½pc 1984	100½	101
ECS 5½pc 1990	96½	97½
EIB 5½pc 1990	96½	97½
Electrobras 6½pc 1988	96½	97½
Euratom 5½pc 1987	98½	99½
Eurofima 5½pc 1988	100½	101
Finland 5½pc 1986	98½	99
Forsmarks 5½pc 1990	98½	99½
Mexico 6pc 1985	95½	96
New Zealand 5½pc 1986	100	100½
Norcem 5½pc 1989	99½	100½
Norway 4½pc 1983	100½	101
Philippines 6½pc 1995	95½	96½
Rautaruukki 5½pc 1988	96½	97½
Sweden 6pc 1989	101	101½
Tauernautobahn 5½pc 1988	99½	100
Trondheim 5½pc 1988	97½	98½
TVO Power Co. 6pc 1988	98½	99½
Venezuela 6pc 1988	98½	99
World Bank 5½pc 1990	98½	99½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 13/16pc	99½	100
BFCE 1984 8½pc	99½	100½
BNP 1983 8 1/16pc	100½	101½
CCF 1985 8½pc	99½	100½
CGMF 1984 7½pc	99	99½
Creditanstalt 1984 7½pc	99½	100½
Credit Lyonnais 1982 8pc	99½	100½
DG Bank 1982 7 15/16pc	100	100½
GZB 1981 8 11/16pc	100½	101½
Intl. Westminster 1984 8pc	99½	100½
Lloyds 1983 7½pc	100½	100¾
LTCB 1983 8pc	99½	100½
Midland 1982 8pc	101¼	101¾
Midland 1987 7 11/16pc	99¼	99¾
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	99½	99¾
Std. and Chtrd. '84 7 11/16pc	99½	
Wms. and Glyns '84 8 1/16pc	98½	

Source: White Weld Securities.

CONVERTIBLES	Bid
American Express 4½pc '87	86
Ashland 5pc 1988	92
Babcock & Wilcox 6½pc '97	99½
Beatrice Foods 4½pc 1992	93½
Beatrice Foods 4½pc 1992	106½
Beecham 6½pc 1992	95½
Borden 5pc 1992	100½
Broadway Hale 4½pc 1987	78½
Carnation 4pc 1987	79½
Chevron 5pc 1988	127
Dart 4½pc 1987	79½
Eastman Kodak 4½pc 1988	81
Economic Labs. 4½pc 1987	76½
Firestone 5pc 1988	82
Ford 5pc 1988	89½
General Electric 4½pc 1987	83½
Gillette 4½pc 1987	77
Gould 5pc 1987	114
Gulf and Western 5pc 1988	88½
Harris 5pc 1992	160
Honeywell 6pc 1986	89
ICI 6½pc 1992	87½
INA 6pc 1997	96½
Inchcape 6½pc 1992	111
ITT 4½pc 1987	84
Jusco 6pc 1992	112½
Komatsu 7½pc 1990	127½
J. Ray McDermott 4½pc '87	133
Matsushita 6½pc 1990	109½
Mitsui 7½pc 1990	121
J. P. Morgan 4½pc 1987	98
Nabisco 5½pc 1988	102½
Owens Illinois 4½pc 1987	111½
J. C. Penney 4½pc 1987	78
Revlon 4½pc 1987	111
Reynolds Metals 5pc 1988	87
Sandvik 6½pc 1988	107
Sperry Rand 4½pc 1987	92
Squibb 4½pc 1987	79
Texaco 4½pc 1988	82
Toshiba 6½pc 1992	147

Source: Kidder, Peabody Securities.

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ISSUE OF £800,000,000 AT £96.00 PER CENT

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On application	£30.00 per cent
On Monday, 15th May 1978	£35.00 per cent
On Wednesday, 7th June 1978	£31.00 per cent
	£96.00 per cent

INTEREST PAYABLE HALF-YEARLY ON 20th MAY AND 20th NOVEMBER

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive applications for the above Stock.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 20th November 1998.

The Stock will be registered at the Bank of England or at the *Bank of Ireland*, Belfast; and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. *Transfers will be free of stamp duty.*

Interest will be payable half-yearly on 20th May and 20th November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be made on 20th November 1978 at the rate of £6.16 per £100 of the Stock.

Applications will be received at the Bank of England, New Issues, Watling Street, London, EC4M 9AA. *Applications for amounts up to £2,000 Stock must be in multiples of £100; applications for amounts between £2,000 and £50,000 Stock must be in multiples of £500; applications for more than £50,000 Stock must be in multiples of £1,000.* A separate cheque representing a deposit of £30.00 per cent of the nominal amount *applied for must accompany each application.*

Letters of allotment in respect of Stock allotted will be despatched by post at the risk of the applicant. *No allotment will be made for a less amount than £100 Stock.* In the event of partial allotment, the balance of the amount paid as deposit will be *refunded by cheque despatched by post at the risk of the applicant;* if no allotment is made the amount paid as deposit will be returned likewise. Payment in *full* may be made at any time after allotment but no discount will be allowed on such payment. Default in the payment of any instalment by its due date will render the deposit and any instalment previously paid liable to forfeiture and the allotment to cancellation.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or by *any of the* branches of the Bank of England, on any date not later than 5th June 1978. Such requests must be signed and must be accompanied by the letters of allotment (but letters cannot be split if any instalment payment is overdue).

Letters of allotment must be surrendered for registration, accompanied by a completed *registration form*, when *the final instalment is paid, unless payment in full* has been made before the due date, in which case they must be surrendered for *registration not later than 7th June 1978.*

A commission at the rate of 12½p per £100 of the Stock will be paid to bankers or stockbrokers on allotments made *in respect of applications bearing their stamp.* However, no payment will be made where the banker or stockbroker would receive by way of commission a *total of less than £1.*

Application forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the *branches* of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens & Co., 15 Moorgate, London, *EC2R 6AN; or at any office of* The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
21st April 1978.

THIS FORM MAY BE USED

For use by Banker or Stockbroker claiming commission—	
	VAT Regn. No,
(Stamp)	(If not registered put "NONE")

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 a.m. ON THURSDAY, 27th APRIL 1978 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY

12 per cent Exchequer Stock, 1998

ISSUE OF £800,000,000 AT £96.00 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
The applicant named below requests *you to allot to him/her in accordance with the* terms of the prospectus dated 21st April 1978

a £

say .... pounds of the above-named Stock and hereby *engages to pay the instalments* as they shall become due on any allotment that may be made in respect of this application, as provided by the said prospectus. *The applicant requests* that any letter of allotment in respect of the Stock allotted be sent to him/her by post at his/her risk.

The sum of *b* £ .... being the amount of the required deposit (namely *£30.00 for every £100 of* the Stock applied for), is enclosed.
c I/We declare that the applicant is not resident outside the Scheduled Territories *d* and that the security is not being acquired by the applicant as the nominee of any person(s) resident outside those Territories.

.... April 1978 SIGNATURE ....
of, or on behalf of, applicant.

PLEASE USE BLOCK LETTERS

SURNAME OF APPLICANT
MR/MRS MISS OR TITLE ....

FIRST NAME(S) IN FULL ....

ADDRESS IN FULL ....

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a Applications for amounts up to £2,000 Stock must be in multiples of £100; applications for amounts between £2,000 and £50,000 Stock must be in multiples of £500; applications for more than £50,000 Stock must be in multiples of £1,000. Applications should be lodged at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.

b A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "Exchequer Stock".

c If this declaration cannot be made *it should be deleted and reference should be* made to an Authorised Depositary or, in the Republic of Ireland, an Approved *Agent, through whom lodgment should be effected.* Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include most banks and stock*brokers and solicitors practising in* the United Kingdom, the Channel Islands or the Isle of Man; Approved Agents in the Republic of Ireland are defined in the *Bank of England's Notice EC 10.*

d The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the *Isle of Man*, the Republic of *Ireland* and Gibraltar.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
E. Kodak	$40	—	—	—	—	—	—	$48¼
E. Kodak	$45	4¾	3	5⅝	32	—	—	„
E. Kodak	$50	2⅛	21	3⅛	44	4	2	„
G.M.	$50	—	—	15⅝	1	—	—	$65⅛
G.M.	$60	—	—	5⅞	4	—	—	„
G.M.	$70	—	—	1⅝	12	2	2	„
IBM	$240	—	—	19½	3	—	—	$253¾
IBM	$260	7	4	9½	5	11¼	2	„
IBM	$280	—	—	3⅞	8	—	—	„
Philips	F22.50	—	—	—	—	4.20	1	F25.20
Philips	F25.00	—	—	1.80	2	2.50	5	„
Philips	F27.50	0.30	1	0.60	20	1.20	5	„
R. D. Shell	F120	—	—	11.50	14	—	—	F1.30
R. D. Shell	F130	4.00	24	4.30	44	6	3	„
R. D. Shell	F140	—	—	1.20	3	1	1	„
Unilever	F110	12.50	2	—	—	—	—	F121.30
Unilever	F120	3.70	3	4.70	5	—	—	„
Unilever	F130	—	—	1.30	8	1.90	3	„
		May		August		November		
BP	700p	78	—	88	—	120	—	768p
BP	750p	35	—	45	—	70	—	„
BP	800p	15	—	16	—	48	—	„
GEC	200p	54	—	65	—	90	—	240p
GEC	225p	28	—	38	—	58	—	„
GEC	250p	9	—	20	—	35	—	„
GEC	275p	10	—	14	—	20	—	„
ICI	300p	55	—	75	—	88	—	342p
ICI	325p	29	—	36	—	50	—	„
ICI	350p	18	—	16	—	37	—	„
ICI	375p	14	—	16	—	26	—	„

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Small early gain in reduced activity

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 24.

A MODEST firming tendency took place on Wall Street this morning in reduced activity, helped by a firmer dollar on Overseas Foreign Exchange markets and better-than-expected earnings from Eastman Kodak.

The Dow Jones Industrial Average recorded an improvement of 1.91 at 814.71 at 1 p.m.,

Closing prices and market reports were not available for this edition.

while the NYSE All Common Index was 11 cents higher at $52.76 and gains led declines by a seven-to-five margin. Turnover contracted to 18.85m. shares from last Friday's 1 p.m. level of 22.03m.

Analysts warned, however, that profit-taking and fears of additional moves by the Federal Reserve to tighten credit may cut into the market's improvement later.

Kodak, announcing sharply higher earnings over the week-end, advanced $1 to $48⅝. Exxon were steady at $47⅛ after improved results, while Goodyear, despite lower earnings, held unchanged at $17⅞.

IBM rose ¼ to $253¾—the company declared that it is expanding to meet near record product demand. Teledyne advanced 1⅞ to $81⅞.

On the downside, United Nuclear fell 2⅜ to $33⅛, Smithkline 1⅛ to $52⅜, Texas Instruments 1½ to $72½, and Digital Equipment 1¼ to $40⅞.

THE AMERICAN SE Market Value Index moved up 0.32 to 135.93 at 1 p.m. on volume of 2.20m. shares (2.40m.).

Actives, however, included Ranger Oil, down 3 at $30⅞, Sundance, 1 lower at $32⅞, and Pepcom, 1¼ off at $23¼.

OTHER MARKETS

GERMANY — Share prices weakened further across the Board, pulling the Commerzbank index down 7.5 to a new 1978 low of 767.6

Brokers attributed the fall to a lack of buying orders rather than heavy selling. They said market confidence was drooping in the face of the continued strength of the dollar. In addition, a report from West Germany's five leading economic institutes predicting only a 2.5 per cent. real growth in 1978 compared with the Government's goal of 3.5 per cent. was also dampening sentiment.

Leading Banks and Machine Manufacturers were hardest hit, with Deutsche Bank losing DM3.40 and Gutehoffnunghuette DM4.50. Electricals sustained declines ranging to DM2.50.

Leading Chemicals, however, were only marginally lower. Resisting the downtrend in Motors were Volkswagen, which gained *DM0.60* after a *5.9* per cent. wage increase settlement, reached on Sunday, averted a strike at the company.

Public Authority Bonds were up to 20 pfennigs easier. The Regulating Authorities bought a nominal DM3.5m. of paper after selling DM3.6m. last Friday. Mark Foreign Loans also softened.

TOKYO—Initial gains were later trimmed or more than lost, leaving the Nikkei-Dow Jones Average a modest 6.74 higher on balance at 5,514.78 after moderate volume of 210m. shares.

Electricals and Motors fell after a firm start, as many investors withdrew ahead of the Japanese railway strikes, planned to start to-day. Sony, Y1,930, and TDK Electronics, Y2,140, each ended Y30 down on the day, while Toyota Motor were Y9 cheaper at Y952.

Elsewhere, however, Nippon Steel put on Y2 to Y109 on active buying by institutional investors following the signing of a protocol agreement with China on the building of a big iron and steel plant in Shanghai. Cameras gained *ground in sympathy with Canon*, which added Y4 at Y514 on a 33.5 per cent. rise in its consolidated net profits for 1977.

PARIS—There was no clear trend yesterday.

The statement by Rene Monory, the Economics Minister, that price freedom would be introduced between July and December combined with news of a ¼-point cut in Call Money rate to 8¼ per cent. helped some shares into higher ground, but others went lower on profit taking.

Banks, Rubbers and Electricals were generally easier, but Metals strengthened, while Foods and Chemicals showed marginal gains.

CCF, Schneider, Saint-Louis, Borel, Paris France, Marine Wendel, Normandie, Cofelle and L'Oreal were all notably higher at the end of the session, but Bancaire, Suez, Poliet, Michelin, Poclain, Perrier, CGE and CIT-Alcatel were among stocks to weaken.

CANADA—Stocks presented a mixed appearance at mid-session after a fairly active business. The Toronto Composite index was just 0.4 easier at 1,086.1 at noon, while Golds weakened 15.7 to 1,209.5 on index. Banks shed 0.72 to 258.47, but Oils and Gas added 3.7 at 1,414.6 and Utilities 0.30 at 167.90.

Canadian Cablesystems "A" jumped $1 to $15½ on higher first-half earnings and a dividend increase.

BRUSSELS—Mostly higher after active trading.

Among Steels, Clabecq rose 52 to B.Frs.1,310, while Non-Ferrous Metals, had Asturienne up 44 at B.Frs.720 and Union Miniere 20 higher at B.Frs.806. In strong Chemicals, UCB advanced 44 to B.Frs.980 despite news of a 1977 loss.

Petrofina were up 15 to B.Frs. 4,265 in steady Oils, while Utilities finished little changed.

AMSTERDAM—Stocks moved irregularly but with a firm bias.

Dutch Internationals showed overall firmness, with Unilever and Royal Dutch each gaining Fl.1.

Shippings were again depressed, KNSM shedding Fls.4.50, Ommeren Fls.1.50 and Nedlloyd Fls.0.60, but KLM rose Fls.3.

Banks were led lower by ABN, which declined Fls.4.50, while Insurances also eased.

Elsewhere, Oce Van Der Grinten added Fls.3.50.

SWITZERLAND—Prices drifted easier on light selling orders in a market lacking demand, with interest shifting to foreign issues.

Domestic and Foreign Bonds also lost ground in thin trading.

MILAN—Hardening tendency on speculative demand and technical influences, but with trading very quiet ahead of to-day's public holiday.

Olivetti Privileged rose 10.5 to L868.5 and Lepetit were also in demand, both attracting interest ahead of their forthcoming Board meetings during which some important company announcements might be decided.

HONG KONG — After a firm start, stocks reacted to finish on a mixed note.

JOHANNESBURG — Gold shares were quiet with narrow mixed movements following generally unchanged Bullion indications.

AUSTRALIA—Apart from a flurry in some of the cheaper speculative stocks, markets were very quiet.

Leading Industrials tended to soften a shade, with BHP losing 2 cents to $A6.22. Tooth were notable for a decline of 6 cents to $A1.68. However, Jennings put on 3 cents to $A1.23 in Buildings, while Retailers and Textiles hardened.

Indices

NEW YORK –DOW JONES

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 14	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	812.80	814.54	808.04	805.27	810.12	795.13	817.74 (3/1)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.20	89.29	89.42	89.35	89.56	89.54	90.86 (4/1)	89.20 (12/4)	—	—
Transport	220.59	220.49	217.72	216.16	218.30	213.77	220.59 (21/4)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.77	105.75	105.35	104.97	105.72	106.09	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	31,540	45,250	35,060	38,850	63,500	52,200	—	—	—	—

* Basis of index changed from August 24.

	Apr. 14	Apr. 7	Mar. 31	Year ago (approx.)
Ind. div. yield %	5.86	6.06	6.16	4.49

STANDARD AND POORS

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 14	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	103.82	104.10	103.58	102.97	104.13	102.55	104.13 (17/4)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	94.54	94.54	93.86	93.45	94.45	92.92	94.54 (20/4)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Apr. 19	Apr. 12	Apr. 5	Year ago (approx.)
Ind. div. yield %	5.14	5.36	5.39	4.23
Ind. P/E Ratio	8.94	8.56	8.48	10.41
Long Govt. Bond yield	8.30	8.34	8.32	7.62

N.Y.S.E. ALL COMMON

Apr. 21	Apr. 20	Apr. 19	Apr. 18	1978 High	1978 Low
52.65	52.75	52.55	52.16	52.75 (20/4)	48.37 (6/3)

Rises and Falls

	Apr. 21	Apr. 20	Apr. 19
Issues traded	1,898	1,910	1,921
Rises	721	1,018	872
Falls	715	475	625
Unchanged	462	417	424
New Highs	88	144	—
New Lows	17	21	—

MONTREAL

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	1978 High	1978 Low
Industrial	179.41	179.88	180.54	180.67	181.47 (17/4)	162.90 (16/2)
Combined	186.52	186.82	187.19	187.21	187.95 (17/4)	170.82 (30/1)
TORONTO Composite	1086.5	1088.9	1087.6	1087.2	1091.4 (17/4)	998.2 (30/1)
JOHANNESBURG Gold	184.9	185.0	187.4	184.5	218.7 (1/2)	185.0 (20/4)
Industrials	211.6	211.3	210.8	209.8	214.4 (4/1)	194.8 (13/3)

	April 24	Previous	1978 High	1978 Low
Australia (*)	469.27	468.94	479.43 (3/1)	441.19 (1/3)
Belgium (!)	100.64	100.05	100.54 (24/4)	90.43 (12/1)
Denmark (**)	94.68	(c)	98.13 (9/1)	94.00 (6/2)
France (††)	68.1	68.2	68.2 (21/4)	47.6 (3/2)
Germany (‡‡)	761.6	775.1	812.7 (10/2)	767.6 (24/4)
Holland (§§)	79.6	79.3	82.1 (10/2)	76.0 (4/4)
Hong Kong (§§)	445.52	(c)	451.67 (4/4)	385.44 (13/1)
Italy (‖)	60.68	60.34	65.66 (6/3)	55.65 (10/1)
Japan (a)	412.21	411.85	416.11 (19/4)	364.04 (4/1)
Singapore (b)	(u)	302.86	304.41 (20/4)	282.00 (1/3)

	April 24	Previous	1978 High	1978 Low
Spain (d)	—	97.55	98.80 (10/1)	87.88 (17/3)
Sweden (e)	382.76	381.91	385.16 (13/4)	325.74 (3/1)
Switzerl'd (f)	284.6	287.9	296.36 (14/4)	280.4 (10/3)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds. 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (!) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (§§) Hang Seng Bank 31/7/64. (‖) *Milan 2/1/72.* (a) *Tokyo* New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Φ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. c Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross. div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £106¼% (106¾%)
Effective rate (1.8235) 44⅝% (45¼%)

NEW YORK

CANADA

GERMANY ◆

AMSTERDAM

COPENHAGEN ♣

VIENNA

TOKYO ¶

AUSTRALIA

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ●

STOCKHOLM

MILAN

Source Nikko Securities Tokyo

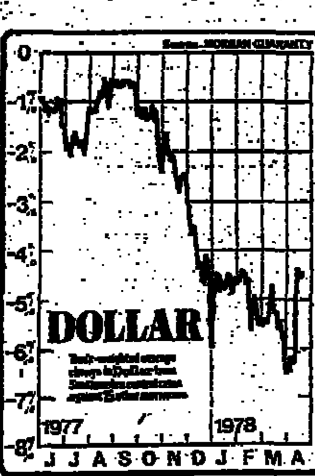
Gold easier

Gold reacted unfavourably to news that India is to sell an undisclosed amount of gold on its domestic market. The amount on offer is likely to exceed the 1.8m. ozs to be auctioned by the U.S., but the overall effect is less easy *to determine, since the import of* gold into India is prohibited, and the domestic price of the metal is much higher than the international level. The announcement came at a bad time psychologically, however, following the recovery of the dollar and the news last week about U.S. gold sales.

Gold opened lower, at $169-169½, as a result of the news from Bombay, and eased to $167¾-168¼, influenced by the early firmness of the dollar. It closed at $168½-169, a fall of $2¼ on the day. The metal has now fallen by $14¾ over the four weeks since the Easter holiday.

The dollar rose to DM2.0875 against the D-mark during the day, to Y228.60 against the Japanese yen, and to SwFrs.1.9760 in terms of the Swiss franc. It then declined, to close unchanged on the day at DM2.0770, and a little firmer at Y227.80, compared with Y225.62½ on Friday. It finished at SwFrs.1.9572½, compared with SwFrs.1.9550 previously. The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty, narrowed to 4.52 per cent. from 4.63 per cent.

Sterling touched a best level of $1.8250-1.8260, but fell to $1.8200, where the Bank of England probably intervened. It closed at $1.8230-1.8240, a fall of 25 points on the day. The pound's trade-weighted index, on Bank of England figures, fell to 61.5 from 61.6, after standing at 61.6 at noon and in early trading.



CURRENCY RATES

	Special Drawing Rights April 21	European Unit of Account April 21
Sterling	0.668793	0.674800
U.S. dollar	1.22155	1.23324
Canadian	1.39831	1.41019
Austria sch.	18.2438	18.4074
Belgian franc	39.4744	39.8520
Danish krone	6.62388	n/a
Deutschem'rk	2.53557	2.55898
Dutch guilder	2.70575	2.73156
French franc	5.66799	5.72081
Italian lira	1059.76	1069.80
Japanese yen	275.704	277.908
Norway krone	6.62385	6.69782
Spain peseta	98.6889	99.4560
Swedish krone	5.65127	5.71847
Swiss franc	—	2.41469

EXCHANGE CROSS-RATES

April 24	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0790-0808	44.78-86	6.415-425	3.79-80	93.65-85	105.80-6.00
New York*	48.10-15	—	21.61-65	3.085-090	1.8245-8255	45.15-20	50.80-90
Paris	223.38-3.48	4.643-656	—	14.325-360	8.47-49	208.73-9.23	235.70-6.20
Brussels	15.55-60	32.40-45	6.96-99	—	59.07-23	14.55-60	16.44-50
London	3.78½-79½	1.8230-40	8.45-46	59.00-10	—	4.04½-05½	3.56½-57½
Amst'dam	106.87-92	2.2247-72	47.895-945	3.5650-5705	4.0585-0635	—	113.015-065
Zurich	94.338-453	1.9602-17	42.275-374	6.0656-0658	—	88.239-346	—

U.S. $ in Toronto U.S. $ = 114.38-40 Canadian cents.
Canadian $ in New York = 87.34-38 cents. U.S. $ in Milan 869.30-60.
Sterling in Milan 1585.75/1584.25. *Rates for April 21.

EURO-CURRENCY INTEREST RATES*

April 24	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	—	7-8	6¾-7	3¼-3½	⅛-⅜	3⅛-3⅜
7 days notice	—	7-8	6⅞-7⅛	3¼-3½	1¼-1⅝	3⅛-3⅜
Month	11-11½	7⅝-8	7½-7¾	4⅛-4⅜	⅝-1½	3⅛-3⅜
Three months	9⅞-10⅜	8⅛-8⅝	7⅝-7⅞	4¼-4½	⅞-1⅛	3⅛-3⅜
Six months	9¾-10	8⅜-8⅝	7¾-8	4⅜-4⅝	1⅛-1⅜	3⅛-3⅜
One year	9⅜-9⅞	8⅝-9	7⅞-8⅛	4¾-5	1⅝-1⅞	3⅜-3⅝

Euro-French deposit rates: two-day 8¼-8½ per cent.; seven-day 8 11/16-8 15/16 per cent.: *one-month* 9-9½ per cent.; three-month 9 5/16-9 7/16 per cent.; six-month 9 9/16-9 13/16 per cent.; one year 10 1/16-10 15/16 per cent.

Long-term Eurodollar deposits: two years 8 1/16-8 3/16 per cent.; three years 8¼-8½ per cent.; four years 8⅜-8⅝ per cent.; five years 8 7/16-8 9/16 per cent.

The following *nominal rates* were quoted for London dollar certificates of deposit: one-month 7.10-7.20 per cent.; three-month 7.30-7.40 per cent.; six-month 7.60-7.70 per cent.; one year 7.85-7.95 per cent.

*Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two day's notice for guilders and Swiss francs.

FARMING AND RAW MATERIALS

Australia seeks farm land buyers

By A Correspondent

WHILE THERE is growing concern in Britain and the U.S. over the extent of "foreign" farm buying, Australia is now actively seeking overseas farm land buyers.

Mr. Peter Binnie, an executive of C and C Rural Management, Sydney, and a former treasurer of the New South Wales Graziers' Association, who is in London drumming up investment interest here, says there are record numbers of farms for sale on the market in Australia at the moment, with many owners in serious financial difficulties.

"Farming in Australia has had some major setbacks in the past three to four years," says Mr. Binnie, "although the economic outlook now seems to be improving. However, land values are still depressed. For example, good wheat-growing land in central western NSW is now on the market for the equivalent of under £150 an acre.

"Some farmers in real difficulties are being forced to sell for under £100 an acre. Average farm size in the region is 2,000-2,500 acres.

"This sort of land will grow about 1 tonne of wheat an acre, and Australian wheat-growers at the moment are getting the equivalent of about £55 a tonne for wheat."

Mr. Binnie said he had encountered considerable resistance in Britain because of well-publicised disaster stories of British farmers who had run into serious problems in Western Australia, Queensland, and the Northern Territory.

Potato market support may cost U.K. £25m.

BY CHRISTOPHER PARKES

THE GOVERNMENT is steadfastly ignoring pleas from vegetable merchants and retailers to relax its controls over the supply of potatoes on to the market. One reliable source claimed that if prices were not pushed up the Treasury could face a market support bill of about £25m.

This is the estimated cost of payments to farmers making up the market prices they have earned for their potatoes this year to the level guaranteed under the national marketing scheme of around £45 a tonne.

The Government controls about 500,000 tonnes of potatoes bought in earlier in the year under its market support scheme. Farmers, too, hold about the same quantity. And while the administration is deliberately holding back from releasing supplies, farmers are generally too busy with other farm work to prepare potatoes for the market.

While some growers are definitely holding back, hoping for higher prices, others simply do not have the time to spare for preparing loads of clean, disease-free potatoes for the market. As the season draws to a close, it is growing more difficult to find good quality tubers in the stores.

Prices are climbinb rapidly. Yesterday the farmers were getting an average of £67 a tonne for their potatoes. A week ago the price was £59 a tonne. At the end of March the price was £48.

One leading supermarket buyer complained yesterday at having to pay £100 for home-grown "old" potatoes. Retail prices for top quality supplies have leapt up to around 12p a pound—the same price as some of the new crop imports from Egypt and Cyprus.

Egyptian potatoes, for example, can be bought for 10p to 11p a pound. Cyprus earlies are now fetching around 14p to 15p a pound.

Reserve

The Ministry of Agriculture said yesterday that the main difficulty was balancing the needs of the consumer against the taxpayer. The Treasury is committed to supporting the potato market with taxpayers' money.

The Potato Marketing Board itself has a reserve fund of £4.5m. for use in supporting the market. But the Board is committed to paying no more than one third of the total cost of topping up farmers' prices so that they match the guaranteed level.

It has been estimated recently that the total cost to the Exchequer of supporting the potato market this year will be about £25m.

When this figure was prepared at Easter, market experts said that it could be greatly reduced—even eliminated—if the price could be held at an average £85 a tonne for the rest of the season. The marketing year finishes at the end of May, and high as they are, prices are still well short of the hoped-for level.

Imports are coming in in greater quantities now and at the same time the quality of home-grown maincrop potatoes is deteriorating rapidly after six months in store.

At the week-end, Mr. Denis Mead, president of the National Federation of Fruit and Vegetable Trades, wrote to the Ministry of Agriculture, demanding that supplies of potatoes should be improved. "It is frustrating," he wrote, "to know that potatoes are available and growers are prepared to deliver, but are prevented from doing so by the Government."

However, the Ministry was showing no signs of relaxing its controls over supplies.

Weaker trend at tea sales

By Our Commodities Staff

TEA PRICES weakened at the London tea auctions yesterday as buying demand faded away in th face of increased offerings.

Average prices for quality teas were cut by 5p to 130p a kilo, medium fell by 8p to 116p, and plain were slightly lower at 84p against 85p previously.

It is felt that while retail demand is thought to be picking up as a result of lower prices, retailers are still keeping low stocks in expectation of further price reductions.

As a result the large increase in offerings this week to nearly 60,000 chests, compared with just over 50,000 chests last week, met an unresponsive market.

But after the recent four-week period when the major blenders were absent as buyers, some sellers are anxious to turn their tea into money.

Food industry hit by lack of confidence

Financial Times Reporter

CONSUMERS WILL have to pay more for poorer food unless Britain's food industry can regain the confidence to invest, Mr. John Peyton, Conservative spokesman for agriculture told the Dairy Trades Conference at Eastbourne yesterday.

"All the food industries in the U.K. now face an assortment of miseries, not just the dairy trades. Competition is tough, even rough. Confidence is damped down by reduced earnings," he said.

"The industry needs to invest, but the willingness is extinguished by the attitudes and methods of the Minister for Consumer Protection and his lackeys in the Price Commission—a right little bunch of bullies.

"The consumer may be getting the benefit of low prices now but if the industry does not invest it will mean that in the end the consumer will pay more for a worse product.

"This living hand to mouth and not looking to the future is killing our country."

To help mop up the growing flood of milk from Britain's dairy farms, the Milk Marketing Board is investing £15m. in a new buttermaking plant near Stroud, Gloucestershire, Mr. Steve Roberts, the Board's chairman, said at the conference.

CASTRATION OF LIVESTOCK

No real need for this nasty chore

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE PRACTICE of castration, with its female equivalent spaying, is as old as farming, and of course not unknown among humans. By denying the animal its reproductive urge it can be made to turn its food resources into meat of a kind acceptable to current taste. It is much quieter to handle, will not impregnate any females which cross its path, and so allow controlled breeding with only selected sires kept "entire."

Spaying females, while quite widely practised about a century ago with cattle and pigs, is to-day unknown in practical farming in this country, although I have seen it performed in my youth and more recently on pigs in Russia. Because spaying a heifer or a sow involves removing the ovaries it is a veterinary operation, only performed now, as far as I know, on domestic pets and occasionally mares.

The male testicles are much more obvious and easy to remove. On most young animals the operation is carried out by the farmer or stockman. Only in the case of the older beasts is a veterinary surgeon likely to be called in.

The whole practice is being called into question. It is being claimed with some research backing that entire animals — bulls, boars, and so on — grow faster than castrates. They also produce more lean meat and less fat and so are more acceptable to modern taste.

All forms of castration carry some risks, and are obviously painful to the animals for a short time, and an unpleasant chore for the farmer.

I was particularly pleased when the wholesaler to whom I sell my pigs agreed to take mine as boars. This victory was not won in a day. Like most butchers he had a prejudice against boar taint, a smell given out while boar pork is cooking, which is said to make it repugnant to the taste. I have eaten plenty of boar meat at home, and tasted it at the Meat Research Institute. In no case has there been a vestige of unpleasant taint.

I am not saying boar taint has never existed, but it must be remembered that the modern pig grows much faster, and is killed at much lighter weights than say 50 years ago. Most pork pigs, and many bacon pigs, are probably killed before they have reached the equivalent of sexual maturity. In any case, to-day many butchers accept entire pork pigs without deduction.

Advantage

The Meat and Livestock Commission has been looking into the advantages and disadvantages of rearing boars as against castrates, and although not enough work has been done yet to evaluate these properly, it seems the producers could get an advantage of £2.50 a bacon pig and the processor could suffer a loss of £2 a pig.

I can't say that I can at this stage prove any distinct improvement in growth rate and carcase quality in my boars, some grade well and some grade badly. But the fact that I don't have to castrate the piglets means I am saved a beastly and cruel job at whatever age it is done. The only change in management has been to rear the sows and boars separately, which is no problem.

Castration of sheep and cattle appears to be much less painful these days. Unlike the pig, where the testicles have to be removed after slitting the scrotum, lambs and calves can be castrated by placing a rubber ring at the scrotum neck.

Lambs will fatten perfectly well as entires, particularly if well fed and killed before sexual maturity is reached. Once the ewes lose their milk the lambs go through what is called a store phase. They will eventually put on flesh, become a nuisance to handle, particularly in the mixed flocks in which most of them are run. They impregnate the ewe lambs and the farmer ends up with very badly assorted mongrels born at the wrong time of year.

Nevertheless, in France there is quite a taste for ram meat according to one sheep farmer I met.

Bull beef is as yet another European taste, and its production and sale in Britain is just beginning. Bulls seem to develop heavily fleshed masculine characteristics and the increased growth rate seems more significant than in either sheep or pigs. Kept in large numbers on intensive feeding systems they appear to remain quiet and unaggressive.

Once they have gone beyond the first intensively-fed phase into a store period, the bull's flesh lacks the characteristics of that of younger animals and grow into heavy well-fleshed beasts they are difficult to handle and their meat can with age become of manufacturing quality—excellent for hamburgers, but not for joints. For this reason castrates are in general used in Europe where the fattening systems are extensive, including grass.

There appears to be no reason to continue castration for any animals which are going to be slaughtered at an immature age on intensive feeding systems. The objection to the meat, especially pig meat, comes from the trade and not the consumers, who probably do not know the difference anyway.

Copper stocks down again

BY JOHN EDWARDS, COMMODITIES EDITOR

STOCKS OF copper in the London Metal Exchange warehouses are now at the lowest level since August 1976, following the latest decline of 10,825 tonnes announced yesterday.

This cuts total holdings to 552,900 tonnes, compared with the all-time peak of 645,300 tonnes reached in mid-January this year.

However, the decline in stocks was in line with market forecasts last week and had already been discounted. Cash wirebars closed £7.5 lower at £684.75 a tonne, despite news that some workers—representing nearly a third of the workforce—at the Olen refinery in Belgium had stayed on strike in defiance of the return to work agreed last Friday.

Workers at three Société Prayon plants in Belgium, producing zinc, chemical products and fertilisers, also refused to return to work despite the settlement agreed last week.

News of the continued strike action temporarily halted the downward trend in base metal prices, but this was soon resumed in the face of persistent profit-taking sales.

As expected, tin stocks fell by 400 tonnes to a total of 2,660 tonnes. But the downtrend in other metals kept the market under pressure and cash tin closed only £4 up on the day at £6,067.5 a tonne, although there was a rise of SM26 to SM1,552 a picul in the Penang market over the week-end.

Some fresh offerings of cash metal were taken to indicate that fresh arrivals of tin into the LME warehouses would be coming soon.

Lead stocks fell by 475 to 62,275 tonnes and zinc by 375 to 61,500 tonnes. LME silver holdings rose by 40,000 to 18,120,000 ounces.

Cocoa prices rise sharply

By Our Commodities Staff

COCOA PRICES jumped on the London terminal market yesterday with the July position gaining £82.75 to £2,042 a tonne.

The rise was attributed to heavy speculative buying encouraged by an increasingly tight physical supply situation as a result of delayed West African shipments. Reports of disturbances in Ghana and student unrest in Nigeria gave the market a firm undertone, too.

The market ignored a decline of nearly 11 per cent. in Belgian cocoa grindings during the first quarter of 1978. It was noted that Belgium normally imports cocoa products in large quantities.

● World sugar prices were also higher. The London daily sugar price for raw sugar was raised by £3 to £104 a tonne.

Silver rise forecast

BY OUR COMMODITIES STAFF

THE PRICE of spot silver will rise to at least $8 an ounce next year—compared with the present level of around $5—it is predicted in the latest market review published yesterday by Commodity Analysis.

The review, entitled Silver—the outlook to 1979, claims that the price rise will result from a continuing world supply deficit and likely credit and currency conditions next year.

It estimates that industrial and coinage silver consumption fell by 4.4 per cent. to 393m. ounces last year, but will recover by 3.1 per cent. this year to 405m. ounces and to 418m. ounces by 1979.

Silver supplies are expected to be effectively unchanged at 380m. ounces this year and rise to 395m. ounces next year. The review says it would seem unlikely that the U.S. Congress will authorise the sale of anything other than a nominal amount of silver from the strategic stockpile.

Record oil stocks predicted

STOCKS OF oils and fats in Western Europe are expected to reach a record 1.94m. tonnes on October 1, up 231,000 tonnes or 13.5 per cent., from stocks held at the same time last year, according to the Oil World weekly.

This projection reflects Oil World's estimate of a 316,000-tonne increase in domestic production and a rise of 254,000 tonnes in net imports by Western Europe this marketing year.

It also allows for higher use than normal, predicting total consumption rising by 179,000 tonnes or 1.7 per cent.

It expects consumption in Western Europe to exceed 31 kilos a head for the first time.

The products included in the estimates are soyabean, cottonseed, groundnut, sunflowerseed, rapeseed, coconut, palm kernel, palm, fish, linseed, castor and olive oils, plus lard, butter, tallow and greases.

The main stock build up in the present crop year is expected to be in soyabean oil, with sunflower oil and butter also showing significant gains. The only decline of importance will be in fish oils.

Olive oil is expected to show the largest production increase—up by about 20 per cent. to 1.22m. tonnes. More moderate gains are expected for sunflower, soyabean, and linseed oils as well as for lard, butter, tallow and greases.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lower on the London Metal Exchange with carryover selling from Friday initially taking forward metal down from £701 to £699. The continued labour unrest in Belgium caused a rally to £707 but this could not be sustained, and with Comex moving uncertainly and the pound fluctuating, the price slid to close on the Kerb at £702. Turnover 3,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	687.5-8.5	+6.75	684.5-5	−7.5
3 months	704.5-5	−6	701.5-2	−8
Settlem't	688.5	−5.5	—	.....
Cathodes				
Cash	677.5-8.5	−5.5	674-6	−7.5
3 months	695-.5	−5.5	691-3	−7.5
Settlem't	678.5	−5.5	—	.....
U.S. Smt.	—	.....	*64	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £689.5, 89, three months £703.3, 4, 6, 5, 6.5, 6, 5.5, 5. Cathodes, three months £695.5. Kerb: Wirebars, three months £705.5, 5, 4.5. Afternoon: Wirebars, three months £703.5, 3, 2.5, 3, 1.5, 1, 1.5. Kerb: Wirebars, three months £703, 3, 2.5, 2, 1.5, 2.

TIN—Steady with forward metal moving in a narrow range. The East was higher over the week-end and with some physical demand apparent, early prices were in the £6,045-£6,050 range. But hedge selling and fresh cash offerings depressed the price to £6,030 before it gradually recovered to close on the Kerb at £6,013. Turnover 1,320 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6065-90	+42.5	6065-70	+5
3 months	6045-62	+36	6030-5	+15
Settlem't	6090	+40	—	.....
Standard				
Cash	6085-90	+42.5	6065-70	−5
3 months	6045-7	+33.5	6030-5	−15
Settlem't	6090	+40	—	.....
Straits E.	‡51:52	+25	—	.....
New York	—		—	.....

Morning: Standard, cash £6,120, £6,085, 90, 85, three months £6,070, 60, 50, 55, 50, 45. High Grade, three months £6,050. Kerb: Standard, three months £6,040, 35. Afternoon: Standard, cash £6,070, three months £6,030, 25, 30. Kerb: Standard, three months £6,035, 40, 30, 45, 49, 45.

LEAD—Lower on balance but moving narrowly. With labour unrest continuing in Belgium and the pound moving uncertainly, forward metal moved from £309-£311 to trade around £313 before showing an easier tendency which resulted in a close on the Kerb of £310.5. Turnover 3,090 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	305.5-6	−1.5	302.5-3.5	−3.75
3 months	312-.5	+2.75	310.5-1	−4
Settlem't	306	−1.5	—	.....
U.S. Spot	—	.....	35	.....

Morning: Cash £304.5, 5.5, three months £311.5, 12. Kerb: Three months £313, 12.5. Afternoon: Cash £304, 3, 2.5, three months £312.5, 12, 11, 10.5, 10, 10.5. Kerb: Three months £311.

ZINC—Little changed and responding to the same factors as lead. Forward metal moved up from £294-£296 to trade around £301 in moderate activity before closing on the Kerb at £302. Turnover 3,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	293.5-4.5	−1.5	292.5-3	−.75
3 months	301-.5	−1.25	300.5-1	−.5
S'ment	294.5	−1.5	—	.....
Prim. West	—	.....	29	.....

* Cents per pound. † On previous unofficial close. ‡ SM per picul.

Morning: Three months £299.5, 99, 98.5, £300, £300.5, 1, 2, 1.5. Kerb: Three months £301.5, 1. Afternoon: Three months, £301, £300.5, £300, 1, £300.5, 1. Kerb: Three months £301, 2.

SILVER

Silver was fixed 2.5p lower for spot delivery in the London bullion market yesterday at 273.0p. U.S. cent equivalents of the fixing levels were: Spot 495.0c, down 3.3c; three-month 505.3c, down 5.3c; six-month 515.8c, down 5.1c; and 12-month 538.2c, down 4.9c. The metal opened at 274.1-275.1p (503½-502c) and eased to 271.7-272.7p (495½-497c) at the close.

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	273p	−2.5	271.8p	−4.15
3 months	278.65p	−2.35	277.25p	−4.4
6 months	285.4p	−4.5	—	.....
12 months	300.2p	−2.5	—	.....

LME—Turnover 144 (129) lots of 10,000 ounces. Morning: Three months 279.5, 9.4, 9.3, 8.2, 8.3. Kerb: Three months 278.7. Afternoon: Three months 277, 7.2, 7.1, 77, 7.1, 7.4. Kerbs: Three months 277.4, 7.6.

COCOA

The market rallied this morning and continued to move upwards following New York's steadiness to close at or near the highs of the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.5 Cont'ct			
May	2125.0-30.0	+82.00	2130.0-2055
July	2040.0-44.0	+85.75	2045.0-1961
Sept.	1968.0-70.0	+81.00	1970.0-1890
Dec.	1905.0-10.0	+29.50	1910.0-1815
March	1875.0-75.0	+121.0	1880.0-1780
May	1825.0-32.0	+105	1820.0-1755
July	1800.0-10.0	+120.0	1805.0-1725

Sales: 4,424 (2,825) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price April 21, 149.54 (148.65). Indicator prices April 24, 15-day average 157.49 (158.48); 22-day average 159.26 (same).

COFFEE

Robustas slipped lower today as a dearth of physical offtake allowed bear sentiment to return, Drexel Burnham reports. At the end of a quiet session values were £20 to £25 lower on balance after a bout of mixed short covering on the close.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
May	1502-1515	−07.0	1505-1481
July	1554-1556	−13.5	1560-1538
September	1288-1290	−10.0	1295-1275
November	1240-1244	−15.0	1250-1235
January	1220-1226	−13.5	1225
March	1196 1215	−16.0	—
May	1175-1195	−05.0	—

Sales: 1,656 (2,534) lots of 5 tonnes.

ARABICAS—Dull but steady with only the two nearby positions attracting any interest from dealers. Prices (in order buyer, seller, change business): April 209.25-10.50, −0.12, 209.50; June 183.25-85.45, −1.38, 184.00-83.00; Aug. 166.00-69.00, −3.00, nil; Oct. 153.50-54.50, −2.25, nil; Dec. 142.00-43.50, −2.35, nil; Feb. 135.00-40.00, −1.00, nil; April 132.00-37.00, −0.50, nil. Sales: 17 (13) lots of 17,250 kilos.

ICO Indicator prices for April 21 (U.S. cents per pound): Colombian Mild Arabicas 184.50 (185.00); unwashed Arabicas 170.00 (same); other Mild Arabicas 150.99 (182.49). Robustas 143.00 (same). Daily average 161.25 (162.88).

GRAINS

Wether trades dominated the grain markets with strong hedge selling appearing in new crops because of warmer conditions and at one stage losses of 100 points in wheat were sustained. However, massive commercial buying at the lows enabled a rally and the market closed 35-50 lower on wheat and 55-75 lower on barley. Old crops suffered due to a lack of interest and nervous liquidation in front of the coming first tender day enabled losses of 105 points to be registered although there was a sharp rally on the close in wheat, reports Acli.

Month	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
May	96.50	−0.60	84.65	−1.10
Sept.	85.45	−0.70	80.20	−0.75
Nov.	87.80	−0.80	82.75	−0.85
Jan.	90.45	−0.70	85.25	−0.80
Mar.	92.90	−0.55	87.65	−0.55

Business done—Wheat: May 96.90-96.05, Sept. 85.75-85.15, Nov. 88.25-87.60, Jan. 90.90-90.25, March 93.00-92.50. Sales: 162. Barley: May 85.55-84.65, Sept. 80.60-80.20, Nov. 83.00-82.80, Jan. 85.45-85.30, March 87.75-87.75.

IMPORTED WHEAT: CWRS No. 1 13½ per cent. April-May £95.50 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent. April-May £86.25 May-June £85.75 transhipment East Coast.

Maize: U.S./French April-first half May £106.75 second half May £106, June £105.50 transhipment East Coast. S. African Yellow May-June £81.00 sellers.

MARK LANE—Market was generally quiet, prices initially reflecting a firmer trend. Later dealings tended to bring out sellers at slightly reduced prices. Nominal values—Milling wheat, delivered London area: May £102.00, June £104.00, July £105.50. Denaturable quality wheat, delivered E. Anglia: May £98.00, June £99.50, July £101.00. Feed barley delivered E. Anglia: May £88.00, June £89.00.

HGCA—Location ex-farm spot prices: Other milling wheat: E. Suffolk £92.00. Feed wheat: E. Suffolk £90.00. Feed barley: E. Suffolk £82.80, N.E. Scotland £79.60.

The U.K. monetary coefficient for the week beginning May 1 is expected to remain unchanged.

EEC DAILY IMPORT LEVIES and premiums effective for April 25 in order current levy plus May, June and July. Premiums, with previous in brackets. All in units of account per tonne: Common wheat: 86.88, nil, nil, 0.81 (86.80, 0.32, 0.32, 0.97); Durum wheat: 130.32, nils (130.32, nils); Rye: 81.37, nil, nil, 0.97 (81.37, 0.7, 0.97, 0.97); Barley: 75.09, nils (75.09, nils); Oats: 77.42, nils (78.77, nils); Maize (other than hybrid for seeding): 71.36, 1.29, 1.29, 1.61 (71.36, 0.97, 0.97, 1.61); Buckwheat: All nil; Millet 77.40, nils (77.40, nils); Grain sorghum: 78.04, 1.29, 1.29, 0.32 (78.04, nils); Flour levies: Wheat or mixed wheat and rye 139.56 (133.36); Rye: 125.84 (123.84).

RUBBER

STEADIER opening on the London physical market. Fair interest throughout the day, closing quietly steady. Lewis and Peat report that the Malaysia godown price was 210 (206) cents a kilo (buyer, May).

No.1 R.S.S.	Yest'rday's close	Previous close	Business done
May	53.35-53.40	52.00-52.80	53.40-52.50
June	52.75-54.00	52.35-53.00	—
Jly-Sept.	54.50-54.55	53.80-53.80	54.70-54.50
Oct-Dec	56.55-56.60	54.75-54.85	56.70-54.75
Jan-Mr.	56.70-56.80	56.00-56.85	56.85-56.40
Apr-Jne	57.85-58.00	57.25-57.50	58.05-57.30
Jly-Sep.	59.20-59.30	58.80-58.85	59.50
Oct-Dec	60.50-60.70	59.80-59.85	60.60
Jan-Mar	61.50-61.60	61.00-61.05	61.80-61.45

Sales: 305 (218) lots of 15 tonnes and 7 (14) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 51.5p (same), June 52.5p (51.5p), July 53.25p (54p).

SUGAR

LONDON DAILY PRICE (raw sugar) £104.00 (£101.00) a tonne cif for April-May-June shipment. White sugar daily price was fixed at £107.00 (£104.00).

After opening around kerb levels prices advanced about 150 points during the morning despite good selling interest scale-up. Later, however, although reports indicated that Iran had purchased six cargoes of whites from the second-hand at around $240 c and f, the market was unable to sustain the higher levels and after a disappointing New York opening most of the gains were lost by the close.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	105.90-06.00	114.40-04.50	107.00-04.20
Aug.	110.15-11.50	108.75-08.90	111.40-08.50
Oct.	113.40-15.60	112.25-12.35	114.75-12.00
Dec.	116.50-16.75	115.75-15.80	117.55-15.50
March	123.75-24.00	112.95-23.00	124.50-23.75
May	127.50-27.75	126.50-27.00	128.45-27.25
Aug.	130.75-31.00	130.65-30.75	131.00

Sales: 3,459 (2,299) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £164.00 (£161.00) for export.

International Sugar Agreement: Indicator prices (U.S. cents per pound fob and stowed Caribbean port) for April 21: Daily 7.50 (7.32); 15-day average 7.59 (7.61).

WOOL FUTURES

LONDON—Dull and featureless market, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterd'ys Close	+ or —	Business Done
May	228.0-29.0	−0.5	229.0
July	232.0-35.0	.....	—
October	235.0-37.0	.....	—
December	239.0-41.0	.....	—
March	242.0-46.0	.....	—
May	242.0-46.0	.....	—
July	242.0-47.0	.....	—
October	245.0-48.0	.....	—

Sales: Nil (1) lot of 1,5000 kilos.

BRADFORD—Business in some sections has improved, reflecting weaker sterling and a dearer tendency at New Zealand wool auctions. Tops' prices are unchanged to slightly dearer on currency factors and occasionally slightly better demand.

SYDNEY GREASY—(In order buyer, seller, business, sales): Micron Contract: May 340.0-340.5, 341.0-339.3, 70; July 345.0-345.5, 345.5-345.0, 3; Oct. 348.5-349.0, 349.0, 1; Dec. 357.3-338.0, 357.5-357.0, 23; March 365.4-365.5, 363.5-364.0, 38; May 368.5-369.0, 368.5-368.0, 7; July 372.0-372.5, 373.0-372.0, 17; Oct. 374.0-373.5, nil, nil. Total sales: 146 lots.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 53.0 to 56.0. Ulster hindquarters 68.0 to 70.0, forequarters 38.0 to 40.0. Eire hindquarters 68.0 to 70.0, forequarters 37.0 to 40.0.

Veal: English fats 70.0 to 77.0, Dutch hinds and ends 96.0 to 100.0.

Lamb: English small New Season 64.0 to 72.0. Imported frozen: N.Z. PL 47.5 to 48.0, PM 46.0 to 46.5.

Hoggets: English 36.0 to 60.0, Scottish 36.0 to 60.0.

Pork: English, under 100 lbs 38.0 to 43.0, 100-120 lbs 37.0 to 43.0, 120-160 lbs 36.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on April 24. G.B.—Cattle 68.10p per kg.l.w. (+0.21); U.K.—Sheep 146.4p per kg.est.d.c.w. (+5.6); G.B.—Pigs 63.2p per kg.l.w. (+0.1). England and Wales: Cattle numbers up 3.5 per cent., average price 69.23p (+0.16); Sheep down 1.9 per cent., 148.3p (+6.1); Pigs up 7.9 per cent., 63.2p (+0.2). Scotland—Cattle down 11.5 per cent., 67.56p (+0.32); Sheep down 9.8 per cent., 136.1p (+3.4); Pigs up 23.5 per cent., 65.7p (+0.8).

MEAT COMMISSION—Average fatstock prices at representative markets on week ending April 22: G.B.—Cattle, 68.07p per kg lw (+0.39); U.K.—Sheep, 139.6p per kg est dcw (+1.0); G.B.—Pigs, 63.3p per kg lw (+0.7). England and Wales—Cattle numbers up 0.1 per cent., average price 68.01p (+0.43); Sheep down 5.8 per cent., 140.2p (+1.2); Pigs up 2.3 per cent., 63.2p (+0.6). Scotland—Cattle down 8.2 per cent., 68.23p (+0.18); Sheep down 14.9 per cent., 133.4p (−0.5); Pigs up 11.0 per cent., 64.8p (−0.1).

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported produce: Oranges—Cypriot: Valencia Lates 20 kilos 2.70-3.30, 15 kilos 2.40-3.60; Jaffa: Lates 3.30-4.23, Shamouti 3.75-4.05; Egyptian: Valencia Lates 2.00-2.30; Texan: 3.30; Cuban: 3.30-3.40. Lemons—Italian: 100/120s 3.50-4.20; Cypriot: 2.50-3.50; Spania: small trays 25/50s 1.40; Californian: 3.50-4.00. Grapefruit—Cypriot: 15 kilos 2.80-2.60; 20 kilos 3.20-3.90; Jaffa: 20 kilos 2.75-3.75; U.S.: Ruby Red 15 kilos 4.60-4.80. Apples—French: Golden Delicious 20 lb 84s 2.50-2.70, 72s 2.70-2.90; 40 lb 5.00-5.80. Golden Delicious, jumble pack, per pound 0.10-0.12; Italian: Rome Beauty, per pound 0.13. Golden Delicious 0.10-0.12; U.S.: Red Delicious 8.00-8.30; S. African: Granny Smiths 7.80-8.30, White Winter Pearmain 7.00, Dunn's 6.40-6.60, Jonathan 7.00, Starking Delicious 8.00-8.50; Chilean: Granny Smith 7.00-7.20; New Zealand: Cox's Orange Pippins 163/234 7.00-8.30; Danish: per pound Cox's 0.15-0.17, Spartans 0.09-0.10. Pears—S. African: cartons, Packham's Triumph 7.40, Beurre Hardy 7.00, Beurre Bosc 5.90; Dutch: per pound Conference 0.13; Belgian: Conference 0.11-0.13. Grapes—S. African: New Cross 5.90, Barlinka 4.30. Bananas—Jamaican: per pound 0.15. Melons—Chilean: White 3.30; Colombian: Green 3.60. Avocados—Kenya: Fuerte 14/24s 4.30; S. African: Fuerte 4.30-4.60. Strawberries: Israeli: 0.43; Spanish: 0.30-0.40; Californian: 0.90; Italian: 0.40. Pineapples—Ivory Coast: 0.40-0.90 each. Onions—Dutch: large 2.00-2.40, medium 1.00-1.20; Chilean: bags approx. 50 lb 3.50-4.00, cases 4.00-4.60; Italian: 2.90; Canary: 4.00. Capsicums—Kenya per pound 0.43; Canary: per pound 0.40. Celery — Spanish: 15s/30s 4.50-5.40; American 24s 5.80. Potatoes—Canary: 3.50-3.80; Egyptian: 3.60-3.80; Cypriot: 3.90. Cauliflowers—Jersey: 4.60; French: 4.50. Cucumbers—Dutch: 14/16s 2.00. Tomatoes—Canary: 320-4.40; Jersey: 3.80-4.80; Dutch: 5.00; Guernsey: 4.30-5.00. Carrots—Cypriot: 22 lb 1.60.

English produce: Potatoes—per 56 lb, Whites/Reds 2.10-2.50. Lettuces—per 12s 1.40-1.50. Beetroots—per 28 lb 1.00. Turnips—per 28 lb 0.50-1.00. Carrots—per bag 0.60-1.00. Parsnips—per 28 lb 0.60-1.00. Onions—per 56 lb 1.80-2.00. Swedes—per 28 lb 0.50. Rhubarb—per pound, outdoor 0.08. Cucumbers—per tray 12/24s 1.50-2.30. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley's 0.12-0.18, Cox's Orange Pippins 0.15-0.19, Laxtons 0.03-0.12. Pears—per pound Conference 0.12-0.15. Tomatoes—per pound English 0.45-0.45. Greens—per crate, Kent 0.80-1.00. Cauliflowers—per 12s 2.00-3.00.

JUTE

JUTE—Dundee: Quiet but firm. Prices c. and f. U.K. for April-May shipment: BWC £297, BWD £288, Tossa: BTB £305, BTC £295, BTD £288. Calcutta goods easier. Quotations c. and f. U.K. for April shipment: 10-oz 40-inch £10.37, 7½-inch £7.89 per 100 yards; May £10.37, £8.01, June £10.39, £8.01. "B" twills: £28.38, £28.50, £28.61 for the respective shipment periods. Yarn and cloth very quiet.

*

LONDON PALM OIL: May-June-July-Aug. 300.00-30.00, Sept.-Oct. 290.00-330.00, Nov. 280.00-315.00, Dec. 280.00-310.00, Jan unquoted. Sales: nil.

World wheat crop increase is forecast

WORLD WHEAT production will rise again in the 1978-79 crop year, beginning this June, according to the latest market report issued yesterday by the International Wheat Council.

The crop is tentatively predicted at between 395-405m. tonnes. This compares with an estimated 384m. tonnes production in the current 1977-78 season, but is well below the record crop of 417.6m. harvested in 1976-77.

The increase is attributed to rising production in developing countries and the Communist bloc countries offsetting decreases in developed areas, particularly the U.S.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	April 24 1978	+ or —	Month ago
Metals			
Aluminium	£680	.....	£680
Free market (cis)	$980-65	.....	$950.60
Copper cash W. Bars	£684.25	−7.5	£652.5
3 months do. do.	£701.75	−8	£677.25
Cash Cathode	£675	−7.5	£643.5
3 months do. do.	£692	−7.5	£657.5
Gold ... Troy oz.	$169.625	−2.5	$177.375
Lead Cash	£303	−3.75	£301.5
3 months	£310.75	−4	£306.25
Nickel	‡		
Free Market (cif lb)	$1.93-2.03	.....	$1.9-2.04
Platinum troy oz.	£120.50	+3	£114.5
Free Market	£112.50	−1.85	£113.2
Quicksilver (76lb.)	$127-32	.....	$130-35
Silver troy oz.	273p	−2.5	272.3p
3 months	278.65p	−2.35	277.25p
Tin Cash	£6,067.5	+3	£5,777.5
3 months	£6,032.5	+15	£5,771.5
Wolfram 22.04lb. cif	$139-44	.....	$149.55
Zinc cash	£292.75	−0.75	£262.5
3 months	£300.75	−0.5	£272.5
Producers	$550-600	.....	$550
Oils			
Coconut (Phil.)	$620x	−20	$675
Groundnut	£745	.....	£661
Linseed Crude (r)	£360	−3	$512
Palm Malayan	$600x	−2	$560
Seeds			
Copra Philip	$417.5z	.....	$440
Soyabean (U.S.)	$300z	−2.5	$300
Grains			
Barley EEC		.....	
Home Futures	£84.65	−1.1	£74.35
Maize			
French No. 3 Am	£106z	−0.75	£101
Wheat			
No. 1 Red Spring	£95.5y	.....	£90.25
No2 Hard Winter	‡	.....	
English Milling	£102z	+2	£100
Cocoa shipment	£2,157	+90	£1,857
Future July	£2,042	+82.75	£1,806.5
Coffee Future			
July	£1,355	−13.5	£1,401.5
Cotton 'A' Index	‡	.....	69c
Rubber kilo	51.5p	.....	48.25p
Sugar (Raw)	£104	+3	£96
Wooltops 64s kilo	277p	+1	270p

* Nominal. ‡ Unquoted. s May-June. t May-Aug. u June. v April-June. y April-May. z May. x Per ton.

*

COTTON—Spot and shipment sales amounted to 1,295 tonnes, the largest daily total for nearly three months, reports F. W. Tattersalls. Substantial interest was shown in Russian, Turkish and Columbian qualities with additional support in African and Latin American growths.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £3.30-£4.00, large haddock £4.20-£5.00, medium £3.90-£4.50, small £2.20-£3.20, large plaice £3.60-£3.70, medium £2.70-£3.70, best small £2.20-£3.60, large skinned dogfish £6.50, medium £4.30, large lemon soles £6.00, medium £5.30, saithe £2.50-£2.90.

FINANCIAL TIMES

Apr. 21	Apr. 20	Month ago	Year ago
239.93	239.77	235.34	276.95

(Base: July 1, 1952=100)

REUTER'S

April 24	April 21	Month ago	Year ago
1460.6	1457.5	(c)	1735.6

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	April 21	April 20	Month ago	Year ago
Spot	360.68	360.48	360.77	432.13
Futures	352.94	354.26	344.94	411.14

(Average 1924-25-26=100)

MOODY'S

Moody's	April 21	April 20	Month ago	Year ago
Sple Commty	899.9	902.0	906.4	943.5

(December 31, 1931=100)

More Israel farm produce flown abroad

TEL AVIV, April 24.

THE ISRAELI air cargo charter line—set up two years ago—will carry 70 per cent. more agricultural produce this year than in 1977 becaus of the expansion of Israel's export trade in fresh produce, reports Reuter.

The rise will be from 24,000 to 40,000 tonnes. The company uses chartered Bocini 707s and 747s and operates four to five flights daily during the peak agricultural export season.

The Israeli agricultural export season will be extended this year by six weeks to July 1, although the volume will be smaller from May 1. The company carries industrial products and raw materials for Israel industry on its flights back from the Continent.

Polish sugar beet plantings up this year

WARSAW, April 24.

POLISH SUGAR BEET plantings have covered over 260,000 hectares so far this year, 100,000 hectares more than at this time last year, the official news agency PAP reported.

The U.S. Department of Agriculture said in a field dispatch from Warsaw on February 15 that Poland's planned sugar beet area to be planted is expected to be 600,000 hectares, compared with the estimated 532,000 in 1977.

Planned purchases of sugar beets by the State are programmed at 18m. tonnes, up to 10 per cent. from the previous year.

U.S. stockpile tungsten sold

WASHINGTON, April 24.

THE GENERAL Services Administration says it has sold 101,071 pounds of surplus tungsten from the strategic stockpile at its latest supplemental monthly offering, reports Reuter.

The tungsten, in the form of ores and concentrates, was contained in 6,372 short tons units of WO-3 and was sold to Philipp Brothers at prices ranging from $128.288 to $129.078 per short ton unit.

The material is restricted to domestic use only.

Bids for the next supplemental offering of 400,000 pounds, with 300,000 pounds for dometic use and 100,000 pounds for export are required by May 11, the organisation said.

PARIS COMMODITY BANKS MOVE

PARIS, April 24.

A recent change in the rules of the Commodity Bourse here allows French and foreign banks to become affiliates of the exchange, according to bourse sources, reports Reuter.

STOCK EXCHANGE REPORT

Firm start to week in markets but trade at low ebb

Share index 5.4 higher at 460.4—Gilt-edged improve

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 3	Apr. 13	Apr. 14	Apr. 25
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The second and final leg of the Account got off to a slow start yesterday. Nevertheless, the underlying tone was firm and both equities and British Funds made a little progress. Last Friday's announcement of a partly-paid new long "tap" stock encouraged hopes that funding of the expected big May Government deficit may not prove as difficult as originally feared prompted firmness at the long end of the Funds which recorded widespread rises of ⅛ and occasionally more. The improvement, however, mainly reflected an opening mark up and there was very little trade behind the rise. Conditions in the shorts were rather thin and sensitive, but with sentiment in this area still being helped by the absence of a new tap, prices made further headway. The Government Securities index improved 0.31 to 71.88.

Activity in the equity leaders was also at a low ebb, scattered modest demand and the absence of sellers being sufficient to lift prices by a few pence or so. The FT 30-share index closed 5.4 higher at the day's best of 460.4. Against the trend, Allied Breweries eased a penny to 86p awaiting news of the Price Commission's inquiry. Overall, the trend was to higher levels—rises led falls by 3-1 in FT-quoted Industrials—with week-end Press mention and a revival of bid speculation prompting the occasional noteworthy firm movement. The fairly widespread advance was also reflected in the FT-Actuaries All-Share index which advanced 1 per cent. to 205.42. Official markings of 4,328 compared with 4,299 last Friday and 4,482 a week ago.

Last Friday's better trend in Gold mining shares gave way to dull conditions in the wake of a reaction in the bullion price. Losses of fairly modest proportions were shown in the Gold Mines index which gave up 1.6 to 135.2.

After mulling over last Friday's satisfactory first-time business in London, Traded Options dealers were less active yesterday. Contracts done amounted to 505, against Friday's 586, while Marks and Spencer was the most active counter with 113 contracts, followed by ICI, 109, and Courtaulds, 92.

Dealings in the investment currency market were extremely quiet in comparison with the hectic conditions ruling last week. Demand for investment in the U.S. was met by incoming dollars from arbitragers which made for two-way business, but the premium moved within narrow limits and closed ½ lower on the day at 106¼ per cent. Yesterday's conversion factor was 0.6932 (0.6863).

F. C. Finance good

Features were few and far between in a lethargic Banking sector. Reflecting the sharp profits recovery and return to the dividend list, Corinthian touched 25p before closing 3 to the good at 24p, while persistent demand in a thin market in front of to-day's annual results helped F.C. Finance to close 8 up at 78p, after 81p. Hambros found support at 179p, up 7, but Schroders relinquished 15 to 380p in a restricted market. The major clearers were quietly firm with Lloyds 4 dearer at 268p and Bank of Scotland, 8 up at 280p.

Unsettled further by last week's bearish annual statement from the chairman, Willis Faber fell 10 more to 257p for a decline of 21 over the last three trading days. London United Investments, a firm market last week following record results and the proposed scrip issue and share consolidation proposals, cheapened 7 to 143p in reaction to a "sell" recommendation.

Apart from Allied, a penny off at 86p on nervousness about the forthcoming Price Commission report on beer price increases, Breweries had a firmer inclination. A. Guinness improved 5 to 180p, while Whitbread "A", 90p, and Bass Charrington, 155p, both closed around 2 better.

Brown and Jackson featured quietly firm Buildings, jumping 12 to 88p on persistent speculative demand. Johnson-Richards Tiles rose 5 to 118p on hopes of a rival bid or a higher one from Hepworth Ceramics after shareholders representing 25 per cent. of the equity rejected the existing terms. Heywood Williams firmed 2½ to 92½p on news of a contract subject to approval by shareholders for the public restaurant and hotel management business of Interstate United Corporation, a subsidiary of Hanson Trust. Elsewhere, BPB eased to 206p pending the investigation by the Price Commission of its wholly-owned subsidiary. British Gypsum, but improved in the late trade to close 2 up on balance at 212p. Further reports of higher house prices helped Barratt Developments put on 2 to 110p and William Leech add 3 to 76p. Of the leaders, AP Cement rose 4 to 231p.

In a quiet trade, ICI edged forward 3 to 340p and Fisons firmed 5 to 340p.

Executex up

Stock shortage played a major part in producing fairly sizeable gains among leading Stores. Gussies "A" finished 8 better at 288p and Marks and Spencer were 5 dearer at 148p, while British Home ended 4 higher at 181p. Elsewhere, Executex jumped 5 to 24p in response to the profits upsurge and Press-inspired gains of 6 and 9 respectively were seen in Owen Owen, 83p, and Allied Retailers, 226p. Still drawing strength from last week's record annual results, Liberty gained 2½ points more to £26 with the Non Voting 2 points up at £25½. Freemans firmed 6 to 312p as did Lee Cooper, to 128p. J. Hepworth, however, declined 3 to 62p, after 61p, on further consideration of the interim figures.

Awaiting to-day's preliminary figures, Farnell Electronics rose 8 to a 1978 peak of 238p. BSR improved 5 to 101p on the chairman's optimistic statement at the annual meeting, while Thorn Electrical, 338p, and Racal Electronics, 220p, put on 6 apiece. Consideration of Plessey's $7m. share of a U.S. Army contract helped the shares, at 98p, to pick up a couple of pence of the ground recently lost after the group's failure to secure an international landing systems contract.

Engineering majors began the week on a quietly firm note. Hawker gained 8 to 202p and Tubes were 4 harder at 366p. News that Vickers Shipbuilding is to receive interim compensation of £4m. for the nationalisation of its assets last July had little effect on Vickers which closed only a penny better at 177p; the annual results are due on Thursday. Elsewhere, Simon closed only 2 harder at 210p, after 212p, despite the mildly disappointing results, while James Neill put on a penny to 98p, after 99p, following Press comment. Fresh speculative buying helped M.L. Holdings to improve 6 more to 114p. Ransome Sims and Jefferies gained a further 3 at 155p. Among Shipbuilders, Vosper relinquished only a penny to 145p following adverse comment.

J. Bibby returned to the limelight in Foods, closing 11 better at 232p, after 235p, on renewed talk of a bid from Tiger Oats. Bernard Matthews were wanted and rose 5 to 135p. Ranks Hovis McDougall closed a shade harder at 49½p and Associated British Foods a penny better at 62p, on the announcement that the baker's union had called off its planned overtime ban. Pork Farms edged forward 3 to 455p with the help of a week-end Press mention.

Hotels and Caterers made fresh progress. Warner Holidays A stood out at 28p, up 3, following Press comment, while similar gains were seen in Grand Metropolitan, 108½p, and Ladbroke, 189p. Other firm spots included M. F. North, 3 up at 42p, and Prince of Wales, 5 higher at 125p.

Redfearn Glass rise

Miscellaneous Industrial leaders made modest progress in thin trading. Beecham, 632p, Bowater, 198p, and Glaxo, 530p, all appreciated 5, while Unilever hardened 4 to 498p. Elsewhere, Redfearn National Glass became prominent with a gain of 17 to 295p ahead of the forthcoming Monopolies Commission's report on the proposed offer from United Glass. Buying in a thin market lifted De La Rue 14 to 272p and Robert McBride closed 20 higher at 400p for a similar reason. In front of to-day's preliminary results, J. L. Randall moved up 3 to 69p, while Horizon Midlands firmed a like amount to 103p in response to Press comment. Thomas Jourdan added 6 to 41p following an investment recommendation and William Baird gained 6 to 158p on the sharply higher annual earnings.

Motors and Components attracted a fair amount of business and closed firmly, sentiment being helped by news that Ford U.K. is planning to invest £1bn. over the next four years. H. Perry remained prominent and closed 11 higher at a 1978 peak of 196p following Press comment on last week's results. Automotive Products revived with a rise of 6 to 124p, while York Trailer closed 4 better at 70p and Lucas Industries 5 higher at 283p. Supra hardened 1½ to 45p ex the rights issue, while the new nil-paid shares opened at 12½p premium and closed at 14p premium after a reasonable trade. Appleyard advanced 7 to 91p, while gains of 5 were seen in Hartwells, 94p, and T. C. Harrison, 112p. British Leyland finished 2 cheaper at 28p ex the £450m. rights issue, while the new shares were quoted at 27½p compared with the minimum price of 50p at which the shares were issued and taken up chiefly by the National Enterprise Board.

Newspapers and kindred trades were notable mainly for a revival of North Sea oil enthusiasm in Thomson which raced ahead to touch 250p before finishing 24 higher on the day at 246p. Elsewhere, Press mention attracted buyers' attention to Saatchi Saatchi, 131p, and Mills and Allen, 175p, which left rises of 7 and 8 respectively, while Brunning were 3 dearer at 70p.

Quiet trading conditions prevailed in the Property sector. Of the leaders, English Property and Land Securities improved marginally to 30½p and 197p, respectively in the early business, but failed to extend the tendency. United Real hardened 4 to 252p in restricted trade and Hammerson A added 3 to 538p, the latter ahead of preliminary results due on Friday. Press comment prompted a further small improvement in Midhurst Whites to 41½p. Elsewhere, dealings in Marler were suspended at 21p following an approach that may lead to an offer for the Ordinary shares.

Shell move ahead

A squeeze on bear positions lifted Shell 12 higher at 540p while Lasmo improved 10 to 168p in front of to-day's trading statement; the latter's "Ops" rose 14 to 350p. Siebens U.K. succumbed to further small selling to close 8 cheaper at 284p, but Attock attracted interest and firmed 4 to 78p. British Petroleum remained neglected, closed unchanged at 770p.

Among Overseas Traders, Gill and Duffus rose 5 to 220p on small buying in anticipation of to-morrow's preliminary figures.

Shippings traded quietly with Ocean Transport, 120p, P and O Deferred, 93p, and Furness Withy, 221p, all closing a penny harder.

Sekers International hardened 1½ to 28p following Press comment in quietly firm Textiles. Gains of 3 were seen in RKT, 70p, and Tricoville, 62p, but Youghal Carpets, still reflecting the annual loss, reacted 2 to 34p for a two-day fall of 9. Rothmans figured prominently in Tobaccos, rising 3 to 52½p in active trading. BAT Industries deferred were also supported at 268p, up 8.

Rubbers presented a firm appearance. Castlefield rose 5 further to 232p, while Chersonese, 67½p, and Harrison Malaysian Estates, 82½p, put 2 and 2½ respectively. London Sumatra, however, was an isolated dull spot at 130p, down 5. Lunuva, 10 higher at 155p, provided the only significant movement in quiet Teas.

Quiet Mines

Mining markets made a quiet start to the week with interest generally at a low level. South Africa Golds were marked up fractionally at the outset of trading in response to bear closing in the U.S. late on Friday, but thereafter prices tended to ease with sentiment affected by the downturn in the bullion price, which was finally $2¼ lower at $168¼ per ounce. The Gold Mines index declined 1.6 to 135.2.

News that the Indian Government will sell bullion from its stocks from May 3 unsettled gold initially. Among heavyweights, falls were usually restricted to around ¼ as in Randfontein, £32, West Driefontein, £15¾ and Vaal Reefs, £11¼.

Of the lower-priced issues, new lows for 1978 were registered in Stilfontein, 5 cheaper at 205p, and Western Areas, 3 off at 153p. Deelkraal dropped 6 to 71½p ex the 58-for-100 rights issue at 130 cents.

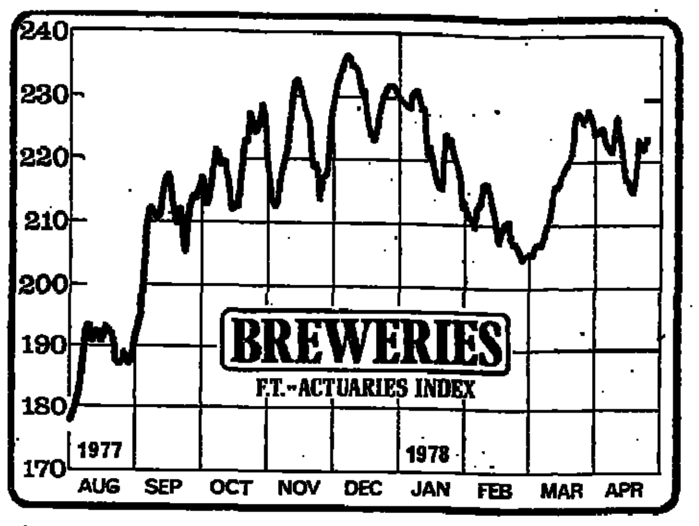
Financials were generally easier with the notable exception of Rio Tinto-Zinc which improved 4 to a 1978 high of 210p following an active day's trading; the annual report is due to be published to-morrow.

South African Financials tended to drift owing to Cape selling. Anglo-Vaal gave up 20 to 650p, while Gold Fields of South Africa shed ¼ to a 1978 low of £10¾.

The marginal fall in the investment premium caused minor losses in Tins. Hongkong Tin relinquished 5 at 150p, Petaling 3 at 180p and Tronoh 2 at 183p. Coppers were untested.

The lack of direction in overnight Sydney and Melbourne markets—which are closed for ANZAC day—coupled with the lower premium, left Australians a shade easier. Hampton Areas gave up 3 of the gains to close at 123p, while bridge fell 6 to 143p.

Elsewhere, the companies associated with the Canadian Northgate group all moved ahead. Northgate themselves hardened 5 to a 1978 high of 345p. United put on 8 to 116p, Westfield Minerals rose 5 to all reflecting Anglo's un exploration hopes in County Donegal in the Irish Republic.



FINANCIAL TIMES STOCK INDICES

	Apr. 24	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17
Government Secs.	71.88	71.57	71.83	72.16	71.75	71.73
Fixed Interest	75.06	74.98	75.08	75.20	74.81	74.84
Industrial Ordinary	460.4	455.0	454.6	461.6	453.5	446.7
Gold Mines	135.2	136.8	134.7	141.1	137.9	142.3
Ord. Div. Yield	5.88	5.91	5.90	5.84	5.94	6.02
Earnings Y'ld%(full)(*)	17.34	17.53	17.61	17.25	17.44	17.69
P/E Ratio (net)(*†)	7.76	7.67	7.66	8.00	7.92	7.80
Dealings marked	4,382	4,299	4,995	4,568	4,608	4,482
Equity turnover £m.	—	50.46	68.83	68.73	75.98	69.11
Equity bargains total	—	11,278	13,742	14,301	15,132	14,696

10 a.m. 456.2. 11 a.m. 458.2. Noon 458.5. 1 p.m. 458.7.
2 p.m. 458.2. 3 p.m. 458.2.
Latest Index 01-246 8026.
*Based on 52 per cent. corporation tax. †Nil=7.64.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	71.50 (14/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	74.84 (17/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/3)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 24
—Daily	
Gilt-Edged	177.4
Industries	145.1
Speculative	41.1
Totals	99.7
5-day Av'rage	
Gilt-Edged	164.3
Industrials	151.9
Speculative	38.8
Total	104.0

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (19)

AMERICANS (2)
BANKS (1)
BEERS (1)
BUILDINGS (7)
CHEMICALS (4)
DRAPERY & STORES (9)
ELECTRICALS (4)
ENGINEERING (10)
FOODS (1)
HOTELS (2)
INDUSTRIALS (26)
MOTORS (6)
NEWSPAPERS (1)
PAPER & PRINTING (4)
PROPERTY (3)
SHOES (1)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (4)
OILS (4)
OVERSEAS TRADERS (4)
RUBBERS (6)
TEAS (3)
MINES (3)

NEW LOWS (10)

BRITISH FUNDS (1)
Treas. 10½pc 76-78
BUILDINGS (1)
Carron
INDUSTRIALS (1)
Denbyware
PAPERS (1)
News Intnl.
PROPERTY (1)
Bilton (Percy)
TEXTILES (1)
Youghal Carpets
MINES (4)
Stilfontein
Western Areas
Gold Fields S.A.
New Wits.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	17	[illegible]	[illegible]
Industrials	437	[illegible]	[illegible]
Financial and Prop.	159	[illegible]	[illegible]
Oils	18	[illegible]	[illegible]
Plantation	18	[illegible]	[illegible]
Mines	20	[illegible]	[illegible]
Recent Issues	—	[illegible]	[illegible]
Totals	654	[illegible]	[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17
May 23	Jun. 6	Aug. 17	Aug. 31

For rate indications see end of Share Information Service

Money was given for the call in Consolidated Gold Fields, William Press, J. Bibby, L Hyman, English Property, nons, Letraset, Burmah Oil, Group, Lee Cooper, Hawtin, Northern Mining, while do were arranged in J. B. East Lennons, Northern Mining, broke Warrants, H. Wigfall Selincourt.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on April 24, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	[illegible]	Germany (West) Deutsche Mark	[illegible]	Portugal Escudo	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
† Rupees per pound.
§ The Angolan kwanza replaced the CFA franc. The exchange was made at a rate of CFA Frs.6 to one unit of the new currency.
‖ General rates of oil and iron exports [illegible].
¶ Based on gross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	51	—	68	—	81	7	770p
BP	800	26	—	43	—	53	5	..
Com. Union	140	12	1	16½	9	18½	5	145p
Com. Union	160	4	31	7	25	9	2	..
Cons. Gold	160	19	—	24	—	26	—	166p
Cons. Gold	180	10	10	16½	7	18½	5	..
Courtaulds	100	15	32	15	58	19	5	111p
Courtaulds	110	7	3	10½	7	13	7	..
GEC	220	28	3	33	1	41	1	239p
GEC	240	16	2	24	1	31	1	..
Grand Met.	100	15½	7	17½	1	20	4	108p
Grand Met.	110	8¼	6	11	9	14	27	..
ICI	330	26½	15	33	22	37½	27	341p
ICI	360	10½	40	17½	—	22½	5	..
Land Secs.	180	28	—	30	5	34	5	197p
Land Secs.	200	15½	3	20	5	24	—	..
Marks & Sp.	140	12	17	15	68	19	10	147p
Marks & Sp.	160	5½	8	7	—	10	10	..
Shell	500	54	—	63	1	68	2	537p
Shell	550	23	—	33	1	39	—	..

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	10	540	+12	540	484
RTZ	25p	9	210	+ 4	210	164
Amalgamtd. Power	25p	7	120	− 1	131	108
GEC	25p	7	238	+ 2	278	233
Grand Met.	50p	7	108½	+ 2½	109	87
GUS A	25p	7	288	+ 8	312	256
Letraset	10p	7	160	− 3	168	98
BAT Inds.	25p	6	310	+ 7	310	267
Bibby (J.)	£1	6	232	+11	235	182
BP	£1	6	770	—	864	720
Imps.	25p	6	77	+ 1	81	71½
Lucas Inds.	£1	6	283	+ 5	290	240
Marks & Spencer	25p	6	148	+ 5	160	136
Ultramar	25p	6	252	+ 4	252	194
ICI	£1	5	340	+ 3	365	328

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	151	112	Saga Holidays	151		6.75	4.2	7.8	8.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., April 24, 1978: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net)	Fri. Apr. 21 Index No.	Thur. Apr. 20 Index No.	Wed. Apr. 19 Index No.	Tues. Apr. 18 Index No.
1	CAPITAL GOODS (170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (71)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS									
11	(DURABLE) (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS									
21	(NON-DURABLE) (176)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (55)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (495)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	205.42	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Apr. 24	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon. Apr. 24	Fri. Apr. 21
1	Low Coupons	5 years	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]

		Monday, April 24	Friday Apr. 21	Thurs. Apr. 20	Wed. Apr. 19	Tuesday Apr. 18	Monday Apr. 17	Friday Apr. 14	Thurs. Apr. 13
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel §	7½%
Allied Irish Banks Ltd.	7½%	C. Hoare & Co. †	7½%
American Express Bk.	7½%	Julian S. Hodge	8½%
Amro Bank	7½%	*Hongkong & Shanghai*	7½%
A P Bank Ltd.	7½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	7½%	Keyser Ullmann	7½%
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7½%
Bank of Cyprus	7½%	London Mercantile	7½%
Bank of N.S.W.	7½%	E. Manson & Co. Ltd.	9 %
Banque Belge Ltd.	7½%	Midland Bank	7½%
Banque du Rhone	8 %	■ Samuel Montagu	7½%
Barclays Bank	8½%	■ *Morgan Grenfell*	7½%
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7½%
Brit. Bank of Mid. East	7½%	P. S. Refson & Co.	7½%
Brown Shipley	7½%	Rossminster Accept'cs	7½%
Canada Perm'nt Trust	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	7½%
Cayzer Ltd.	8 %	E. S. Schwab	9½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
Charterhouse Japhet	7½%	*Shenley Trust*	9½%
Choulartons	7½%	Standard Chartered	7½%
C. E. Coates	8½%	Trade Dev. Bank	7½%
Consolidated Credits	6½%	Trustee Savings Bank	7½%
Co-operative Bank *	7½%	Twentieth Century Bk.	8½%
Corinthian Securities	6½%	United Bank of Kuwait	7½%
Credit Lyonnais	7½%	Whiteaway Laidlaw	8 %
The Cyprus Popular Bk.	7½%	Williams & Glyn's	7½%
Duncan Lawrie §	7½%	Yorkshire Bank	7½%
Eagil Trust	7½%		
English Transcont.	8 %		
First London Secs.	7½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
Guinness Mahon	7½%		
Hambros Bank	7½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5%.
¶ Rate also applies to Sterling Ind. Secs.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr1.402	1,557	+68	2.98
Bondselex	Fr 122.06	127.25		—
Keyselex Int'l.	£6.46	7.34		4.09
Keyselex Europe	£3.79	4.28		3.86
Japan Gth. Fund	$US24.20	26.85		—
Keyselex Japan	£11.33	12.04		—
Cent. Assets Cap.	£132.25		+0.07	

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. March 30	$US12.56	12.88		...
CMT Ltd. March 30	£13.04	13.37		—
Metals Tst. Mar 20	£11.46	11.72		—
TMT April 13	$US9.55	9.85		—
TMT Ltd. April 13	£9.74	9.99		—

World Wide Growth Management
10a Boulevard Royal, Luxembourg
Worldwide Gth Fd $US12.30 -0.13 —

NOTES

Prices do not include $ premium, except where indicated ♦, *and are in pence unless otherwise indicated.* Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ϕ. § Guernsey gross. ϕ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 458-463

INSURANCE BASE RATES

† Property Growth .... 8 %
† Vanbrugh Guaranteed 8.25%

Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
102	100¾	Treasury 10½pc '78‡‡	100	–	10.42	7.20
99⅝	98¼	Exch. 5pc '76-78‡‡	99	.....	5.04	7.06
105⅛	102	Treasury 11½pc '79‡‡	102	.....	11.19	8.05
97	94¾	Treasury 3pc '79‡‡	95⅝	.....	3.14	6.30
97½	95⅛	Electric 4¼pc '74-79	96⅛	.....	4.41	6.95
104	101½	Treasury 10½pc '79‡‡	102xd	+	10.29	9.04
96½	94¾	Electric 3½pc '76-79	96xd	.....	3.65	6.23
103½	98⅛	Treasury 9pc 1980‡‡	99	+	9.03	9.16
102	99	Treasury 9½pc '80‡‡	100xd	+	9.45	9.24
95⅛	92⅛	Treasury 3½pc '77-80	93½	+	3.74	6.81
96½	94	Funding 5¼pc '78-80‡‡	95¼	+	5.51	7.69
110¼	105½	Exchequer 13pc 1980‡‡	106xd	+	12.18	10.00
106¼	102½	Treasury 11½pc 1981‡‡	103¼	+ ¼	11.14	10.08
91⅝	88⅝	Treasury 3½pc 1979-81	89⅝	.....	3.90	7.66
101¼	99	Treasury 9¾pc 1981‡‡	99	+ ¼	9.81	9.98
97	95	Exch. 8¼pc 1981	95¼	+ ¼	8.66	10.04
100¼	98	Exch. 9½pc 1981	98	+	9.68	10.15
87	86¼	Exch. 3pc 1981	87	.....	3.45	7.49
96	96⅛	Treas. Variable '81‡‡	96⅛xd	.....	6.39	8.73
111	105	Exch. 12¾pc 1981‡‡	106⅞xd	+ ⅛	11.93	10.41
99⅜	94⅞	Treas. 8½pc '80-82‡‡	95⅛	+	8.91	9.99
86⅝	83¾	Treasury 3pc '82‡‡	84⅛	.....	3.56	7.81
115⅞	110	Treasury 14pc '82‡‡	110	+	12.65	10.57
96	95⅝	Treas. Variable '82‡‡	95⅝	.....	7.83	8.74
96⅜	92⅞	Treasury 8¼pc '82	93¼	+ ¼	8.85	10.26
100¼	95⅜	Exch. 9¼pc 1982	95¾	+ ¼	9.66	10.46
96	93⅛	Exch. 8¼pc 1983	93	+	9.34	10.47
85¼	80¼	Exch. 3pc '83	81	+	3.69	7.74
114¼	105¼	Treasury 12pc 1983‡‡	105⅝	+ ¼	11.36	10.49
		Five to Fifteen Years				
100⅛	95¾	Treasury 9½pc '83	97¼	+ ⅜	9.76	10.56
89⅝	84¼	Funding 5½pc '82-84‡‡	85	+	6.59	9.27
96⅝	92	Treasury 8½pc '84-86‡‡	92½	+ ⅛	9.44	10.32
87⅝	79	Funding 6½pc '85-87‡‡	79¾xd	+	8.14	9.93
89⅝	82¼	Treasury 7¾pc '85-88‡‡	84¼	+ ⅛	9.41	10.70
68⅛	61¾	Transport 3pc '78-88	62⅝	+ ⅛	4.86	8.76
75⅝	65⅝	Treasury 5pc '86-89	66⅛	+ ⅛	7.55	10.01
115¼	107⅛	Treasury 13pc 1990‡‡	108¼	+ ⅛	12.42	12.22
89⅛	81¼	Treasury 8¼ '87-90‡‡	83⅛	+ ½	10.29	11.28
106½	98⅛	Treasury 11¾pc 1991	99⅜	+ ⅞	12.24	12.37
75⅛	65⅛	Funding 5¾pc '87-91‡‡	65⅝	+ ⅞	8.80	10.78
112⅞	103¼	Treasury 12¾pc '92‡‡	104⅞	+ ⅞	12.55	12.49
96	85½	Treasury 10pc 1992	87⅝	+ ¾	11.68	12.16
113	99	Exch. 12¼pc '92	100¼	+ ⅞	12.47	12.51
		Over Fifteen Years				
110⅝	101	Treasury 12½pc '93‡‡	103⅛	+ ¾	12.54	12.54
72½	62¼	Funding 6pc 1993‡‡	63	+	9.63	11.17
120¼	105⅝	Treasury 13¾pc 1993‡‡	106⅛xd	+ ½	12.83	12.68
128⅞	113⅝	Treasury 14½pc '94‡‡	114¼	+	12.94	12.70
114⅛	100⅜	Exch. 12½pc 1994	101⅛	+	12.63	12.64
89⅞	78	Treasury 9pc '94‡‡	78¾xd	+ ⅛	11.35	11.89
106¾	98¼	Treasury 12pc '95	99	+ ½	12.48	12.54
51⅞	44¾	Gas 3pc '90-95	45⅛xd	+ ⅛	6.64	9.60
95	85¾	Exch. 10¼pc 1995	87	+ ⅝	12.06	12.37
200	99¾	Treasury 12¾pc '95‡‡	100½xd	+ ½	12.60	12.58
90½	78¼	Treasury 9pc '92-96‡‡	78⅞	+ ½	11.56	12.03
131½	116	Treasury 15¼pc '96‡‡	116⅝xd	+ ⅛	13.04	12.82
117⅞	103⅛	Exchequer 13¼pc '96‡‡	103⅝xd	+ ⅛	12.70	12.64
50	44⅛	Redemption 3pc 1986-96	44¼	+ ⅛	6.81	9.47
115¼	107	Treasury 13¾pc '97‡‡	107½	+ ⅜	12.73	12.66
98⅜	86½	Exchequer 10½pc 1997	88	+ ⅜	12.18	12.40
88¼	76¼	Treasury 8¾pc 1997‡‡	76⅞	+ ⅛	11.58	12.02
72¼	61⅛	Treasury 6¾pc '95-98‡‡	61⅞xd	+ ⅜	10.89	11.71
135½	119¼	Treas. 15½pc '98‡‡	120⅜	+ ⅛	13.00	12.80
—	—	Ex. 12pc '98 £30pd ●	£96	.....	12.50	12.54
90½	82⅝	Treasury 9½pc 1999‡‡	83⅛	+ ⅛	11.80	12.07
96¼	84	Treasury 10½pc 1999	85⅛xd	+ ⅛	12.24	12.42
42½	37¾	Funding 3½pc '99-04	37⅞	+ ⅛	9.48	10.74
80⅞	69¼	Treasury 8pc '02-06‡‡	69⅝	+ ⅛	11.56	11.77
58	48¾	Treasury 5½pc '08-12‡‡	49½	+ ⅛	11.27	11.52
76⅛	68¼	Treasury 7¾pc '12-15‡‡	68⅝	+ ⅛	11.61	11.69
		Undated				
37⅛	33¼	Consols 4pc	33¼	+ ⅛	12.18	—
37	34	War Loan 3½pc‡‡	34⅝	+ ⅛	10.53	—
39¼	33	Conv. 3½pc '61 Aft.	35½	+ ⅛	9.92	—
28⅝	24½	Treasury 3pc '66 Aft.	24¾	+ ⅛	12.20	—
24⅝	21	Consols 2½pc	21⅜	+ ⅛	11.77	—
24	20¼	Treasury 2½pc	20⅝	+ ⅛	12.22	—

**INTERNATIONAL BANK

88	83	5pc Stock '77-82	83¼	+ ¼	6.00	8.84

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 44¾% (based on $US1.8240 per £)

Conversion factor 0.6932 (0.6863)

CANADIANS

[illegible]

S.E. List Premium 44¾% (based on $2.0621 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	180	......	Q50c	1.3	23.7
24	17	Rhod'n Corp. 16½p.	19xd	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	65	−3	—	—	—
140	122	Tanganyika 50p	140	......	Q11.0	1.1	7.9
80	78	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	36xd	......	†Q7½c	1.4	17.8
12½	10	Zam.Cpr.SBD0.24	11½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50 Toea	101	−1	Q8c	1.4	5.0
78	63	BH South 50c	73	......	—	—	—
217	148	Conzinc Riotinto 50c	210	......	Q10c	2.2	3.0
72	48	G.M. Kalgoorlie $1	50	+2	—	—	—
128	81	Hampin Areas 5p	123	−3	1.45	4.1	1.8
17	10	Metals Ex. 50c	15	−2	—	—	—
187	125	M.I.M. Hldgs. 50c	178	−1	Q9c	1.7	3.1
24	10	Mount Lyell 25c	22	+2	—	—	—
2½	1½	Newmetal 10c	2	......	—	—	—
112	79	North B. Hill 50c	106	−1	Q8c	1.5	4.7
11½	8½	Nth. Kalgurli	10	......	—	—	—
156	117	Oakbridge $A1	143	−6	†Q11c	1.9	4.8
40	30	Pacific Copper	34	......	—	—	—
£10⅛	750	Pancont'l 25c	900	......	—	—	—
18½	12	Paringa M&Ex.5p	15½	......	—	—	—
480	310	Peko-Wallsend 50c	438	−2	Q15c	4.0	2.1
122	84	Westn. Mining 50c	116	−1	Q6c	1.4	3.2
50	35	Whim Creek 20c	40	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	−1	†2.51	1.6	15.9
305	240	Ayer Hitam $M1	295	......	†Q46.7c	0.9	‡
55	45	Beralt Tin	53	......	3.75	2.3	10.7
253	200	Berjuntai $M1	245	......	†Q110c	ϕ	‡
130	111	Geevor	130	......	18.05	3.4	21.0
10	8½	Gold & Base 12½p	9	−½	—	—	—
270	220	Gopeng Cons.	225xd	......	15.0	0.9	10.1
155	130	Hongkong	150	−5	—	—	—
93	78	Idris 10p	78xd	......	7.5	ϕ	14.6
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting $M0.50	68	......	2Q15.5c	0.7	4.9
455	450	Killinghall	455	+5	Q125	ϕ	27.5
320	280	Malay Dredging $M1	295	......	†Q95c	0.8	6.9
51	40	♦Pahang	50	......	†Q2.5	0.5	5.0
58	50	Pengkalen 10p	50	......	6.5	1.3	19.7
190	165	Petaling $M1	180	−3	mQ12½c	10.9	1.5
61	49	Saint Piran	53	......	g1.99	4.6	5.7
61	47	South Crofty 10p	53	......	64.13	1.5	11.8
180	140	South Kinta $M0.50	145	......	†Q77.8c	1.4	11.5
280	230	Sthn Malayan $M1	240	......	†Q131.3c	1.1	11.8
178	134	Sungei Besi $M1	172	−2	—	—	—
68	55	Supreme Corp $M1	68	......	2Q10c	—	3.2
100	85	Tanjong 15p	85xd	......	6.5	ϕ	11.9
90	74	Tongkah Hrbr. $M1	85	......	Q66.52c	1.6	14.4
185	148	Tronoh $M1	183	−2	2Q88c	ϕ	10.3

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	88	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
10½	9	Burma Mines 17½p.	10½	......	—	—	—
300	220	Cons. Murch. 10c	240	+5	Q30c	2.6	7.5
345	245	Northgate C$1	345	+5	—	—	—
210	164	R.T.Z.	210	+4	9.5	ϕ	7.1
46½	30	Sabina Inds. C$1	32	+2	—	—	—
950	750	Tara Expln. $1	870	......	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.8
162	120	Yukon Cons. C$1	155	......	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable
- ♦ Same interim, reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	23	......
Bdg'wtr. Est. 50p	268	......
Clover Croft	22	......
Craig & Rose £1	410	......
Dyson (R. A.) A	40	......
Ellis & McHdy	65	......
Evans Fr'k.10p	57ϕ	......
Evered	14	......
Fife Forge	47	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	150	......
Higsons Brew	80	......
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	250	......
N'thn. Goldsmith	53	......
Pearce (C. H.)	128	−1
Peel Mills	19	−½
Sheffield Brick	48	−2
Sheff. Refrshmt	50	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£93⅞	+⅛
Alliance Gas	63	......
Arnott	290	......
Carroll (P.J.)	92	−2
Clondalkin	110	+7
Concrete Prods.	127	......
Helton (Hldgs.)	40	......
Ins. Corp.	186½xd	......
Irish Ropes	132	......
Jacob	65xd	......
Sunbeam	30	......
T.M.G.	195	+15
Unidare	95	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lofs"	5	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	13	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr	11	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	N.E.I.	20	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	35
E.M.I.	18	Do. Warrants	10	Burmah Oil	7
Gen. Accident	17	P & O Dfd.	10	Charterhall	3½
Gen. Electric	18	Plessey	9	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	22
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	18	Reed Intl.	14	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	20
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday April 25 1978

Japan faces transport stoppage

BY CHARLES SMITH TOKYO, April 24.

JAPAN to-night faced a four-day transport strike which promised to paralyse major cities and hit communications with other countries. National and most private railways will cease to run from midnight and there will be interruptions to post and telephone services.

The four-day strike represents the last setpiece in the 1978 Shunto (spring wage offensive), the display of strength by labour which precedes or coincides with the main annual wage claims in private industry and the public sector.

Private industry has largely completed wage negotiations, with awards averaging about 6 per cent.—but ranging between nothing and more than 9 per cent. The public sector unions, the main force behind this week's stoppages, are still said to be hoping to extract increases of 7 per cent. or 8 per cent.

The latest offer by Japan National Railways to Kokuro, the national railway workers' union, is only 5.4 per cent. A final offer in the region of 6 per cent. appears likely, though not certain.

Public sector strikes are illegal in Japan, although they occur every year. This means the Government will be attempting to penalise strikers for breaking the law, possibly by arresting union leaders in Zentei, the supposedly vulnerable postal union.

If the transport workers win a 6 per cent. wage award they will be achieving an improvement in real earnings of something less than 2 per cent., given that the consumer price index has risen 4.2 per cent. above its level of a year ago.

Some major private industry unions, including steel and shipbuilding, have settled for rises which mean a fall in the level of real wages. Only a handful has managed to hit the 8 per cent. or 9 per cent. target at which organised labour was originally aiming.

The mood of Japanese labour following the Shunto settlements accordingly seems likely to be sour. This means consumer spending might remain flat—a serious matter since the low level of consumer spending in Japan represents the weakest area in the domestic economy.

Organised labour has been stressing this during Shunto—in effect warning employers and the Government that the economy will run out of steam again in the autumn if wage awards are not reasonably generous.

A powerful card in the employers' hands during private sector wage bargaining has been the fear of lay-offs which relates to the supposed presence of about 2m. surplus workers in Japanese industry.

Japanese companies do not normally dismiss their workers during recessions, which is one reason why the official unemployment figures are low (about 1m. workers or 2 per cent. of the labour force).

Employers are quick to hint, however, that they might have to resort to lay-offs is pushed too hard.

The same tactics do not work in the public sector, since public sector enterprises like Japan National Railways have been in deficit for years and cannot say with conviction that excessive wage claims are threatening to drive them out of business.

Leyland stewards demand inquiry into Speke closure

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BRITISH LEYLAND shop stewards called yesterday for an independent public inquiry into the company's plans to close the Speke assembly plant. They claimed the decision was taken regardless of commercial judgments with the idea of "teaching the unions a lesson."

The protest comes at a time when Leyland sales are coming under renewed pressure from imports. Preliminary estimates circulating within the industry suggest that for the first 21 days of this month foreign vehicles captured nearly half of what remains a buoyant U.K. market.

Ford has regained market leadership with around 30 per cent. Leyland, with less than 17 per cent. of the market, is lagging with only around half last month's share.

Leyland had anticipated that its early year sales promotions might increase March purchases at the expense of those in April.

Stocks remain satisfactory but output schedules will remain unaltered in the hope that the company can achieve its 819,000 sales target for the year.

The executive of the unofficial but powerful British Leyland shop stewards combine voted in Birmingham yesterday to campaign for a public inquiry into how the decision was made to close Speke.

The company has warned that if workers try to block the transfer of the TR-7 sports car production to Coventry, the model could be scrapped.

Mr. Derek Robinson, the combine chairman, said stewards feared the closure was "only the first move in the gradual dismemberment of Leyland cars."

He warned that if Speke was shut down, other plants might be placed at risk.

"We are talking about the future of British Leyland in its entirety and not just about Speke."

Mr. Robinson claimed that the number of resignations by senior Leyland executives was a reflection of their disagreement with the policies being pursued by Mr. Michael Edwardes, the chairman.

The departures were creating "an atmosphere of crisis which must weaken the company."

The stewards' call for a public inquiry is clearly intended to influence to-morrow's meeting of the executive of the Confederation of Shipbuilding and Engineering Unions. The executive will consider whether to support the Speke workers who have voted to oppose transfer of the TR-7.

Imperial to drop two substitute cigarettes

By Stuart Alexander

THE first casualties of the poor U.K. reception for cigarettes containing tobacco substitutes were announced yesterday when Imperial Tobacco, which manufactures NSM (new smoking material), said it was withdrawing Embassy Premier with NSM and Players No. 6 with NSM.

It is also carrying out studies into alternative uses for the £15m. NSM factory at Ardeer, Strathclyde. A decision is expected within weeks.

Four other brands from Imperial's W. D. & H. O. Wills and John Player subsidiaries using the substitute will continue for the time being.

When the company's annual financial results were announced in February Mr. Tony Garrett, chairman of Imperial Tobacco, said that if the Government did not ease the tax burden on substitutes their future was in doubt.

After the Budget Mr. Andrew Reed, managing director, said that a decision on marketing policy was being formulated and would be announced soon.

Falling sales

Between them the 12 brands containing substitutes account for only about 0.6 per cent. of cigarette sales. Rothmans, which uses the American-made Cytrel in its Peer brands, has about 40 per cent. of the substitutes market. Last night it said that, while production was spasmadic, it intended to continue.

Gallaher, which also uses Cytrel in its Silk Cut and Sovereign brands, said it had not manufactured any cigarettes containing substitute for some time. None of its four versions, which take 25 per cent. of the total, was to be withdrawn, but the company said that distribution was now largely concentrated in the south-east.

The go-ahead for substitutes was given just over 12 months ago by the Independent Scientific Advisory Committee on Smoking and Health (the Hunter Committee).

All the new brands were launched on July 1 last year, but even the initial trial rate was lower than expected and since then sales have rapidly dwindled. The industry has blamed lack of price advantage and a lack of Government support for the failure.

Rothmans and Gallaher had taken part in a joint research programme costing £9m. with Celanese Corporation of the U.S.

Imperial Tobacco had teamed up with ICI in a similar programme and had then spent about £15m on building the factory at Ardeer. The originally 100-strong workforce there has already been halved, but Imperial hopes that alternative products can be found for the production equipment.

Credit Suisse plan for independent bank

BY NICHOLAS COLCHESTER AND JOHN WICKS

CREDIT SUISSE has no intention of making Credit Suisse White, Weld, the London-based investbank, into one of its operating divisions.

Dr. H. Doerig, a director of the big Swiss bank, says it regards the operation as an affiliate and will keep it a separate entity.

This assertion appears to block one avenue of speculation on the future of the investment bank. The uncertainty has arisen out of the take-over by Merrill Lynch of the U.S. investment bank White Weld, and with it a 30 per cent. stake in Credit Siusse White Weld.

Credit Suisse has an option to buy this holding unless a satisfactory working relationship with Merrill Lynch can be deivsed.

Negotiations for this must be completed by May 5. It appears that although Merrill Lynch is unlikely to retain its holding in CSWW, this possibility cannot be ruled out.

One problem cited by those involved in the talks is that the large scale of Merrill Lynch's operations abroad would ensure that any investment banking joint venture devised by Merrill Lynch and Credit Suisse would employ more people and be more costly to run than Credit Suisse White Weld.

The latter arranges a large amount of lucrative underwriting with a small staff. Another consideration is that Merrill Lynch has opened commercial banks abroad that might be in conflict with Credit Suisse.

Yet, if Credit Suisse exercises its option, it will have a 77 per cent. stake in CSWW. The credibility of the investment bank as an independent operation backed by influential Swiss and U.S. connections could be in doubt.

Credit Suisse's statement yesterday suggests that some way will be found to preserve CSWW's independent status. In particular the bank added that "there are no plans" for it to buy up the remaining one fifth of CSWW's equity which is in the hands of the Ludwig foundation for Cancer Research.

Joint action sought on petrochemical industry

BY KEVIN DONE, CHEMICALS CORRESPONDENT

EUROPEAN PETROCHEMICAL producers should take joint action with governments and the European Commission to deal with the industry's overcapacity, says a report prepared for European banks.

The report, produced by Eurofinance, a research organisation formed to provide investment advice to a number of international banks, is the most gloomy assessment yet of the industry's future prospects. It concludes that market regulation is inevitable.

Eurofinance accepts that such regulation will encounter major difficulties, particularly with U.S. companies operating in Europe, which must adhere to U.S. Anti-Trust laws.

But it suggests that precedents have been set in the steel and synthetic fibre industries, which have already suffered from chronic overcapacity.

European petrochemical producers accept that they are building plants faster than demand is growing for their products. Manufacturers are suffering from a depressed market and prices that often cannot justify reinvestment.

The latest petrochemicals inquiry carried out by the industry does not look beyond 1981. That study, published recently by CEFIC, the European Council of Chemical Manufacturers' Federations, admits that overcapacity for important base petrochemicals, such as ethylene, is likely to have worsened by 1981. Capacity is growing faster than demand.

For more than 20 years, petrochemicals has been one of the fastest-growing world industries. It provides the raw materials for a vast range of products from plastics and synthetic fibres to detergents, pharmaceuticals and synthetic rubber.

The Eurofinance report, which will be published later this year, says that existing capacity is sufficient in most products to meet increasing market needs for at least five years.

At the same time, additional capacity was coming on stream in countries bordering the EEC, such as Norway, Spain and Portugal, which were changing them from being importers from the EEC to exporters to the Community.

Increasing imports were coming from Eastern Europe, partly as a result of Western plant contractors taking payment in product rather than currency. And by 1985 the Arab oil producers would be bringing new petrochemicals capacity on stream, from which some of the products would have to arrive in Europe.

In addition, extra investment was still going into more West European capacity, either to clear existing production bottlenecks or as strategic investments.

As a result, the serious surplus of capacity would be prolonged until the late 1980s.

The problems caused by the combination of all these factors "may well be beyond solution for the individual manufacturer," says the report. Corporate strategists can apply their skills to limit the dangers to their companies, but the business environment could be so unfavourable that corporations and governments will have to find a way to take concerted action."

(Eurofinance, New Petrochemical Study: 1978. Available from July, Eurofinance, 9 Avenue Hoche, 75008 Paris.)

Why the sums came out wrong
Page 15

Debate likely on Colonel B question

BY PHILIP RAWSTORNE

THE COMMONS is expected to debate questions raised about the legal protection given to newspapers, television and radio in reporting Parliamentary proceedings.

Mr. Michael Foot, Leader of the Commons, told MPs yesterday that the Government would consider how the confusion could best be cleared.

Doubts were raised last week after the Director of Public Prosecutions warned newspapers that they could be in contempt of court for reporting the name of "Colonel B"—an army intelligence officer who was a witness in a secrets case—even though it had been disclosed by Labour MPs in the Commons.

Mr. George Thomas, the Speaker, admitted yesterday that he had erred in allowing the MPs to name the Colonel.

"The reason was that both my advisers and I were unaware that the matter was sub-judice," he said.

Mr. Thomas warned MPs against any further references to the case until the trial had finished.

"It is quite clear to me that the identity of this officer forms an integral part of criminal proceedings," he declared.

A Commons resolution bound MPs not to refer to sub-judice proceedings in any motion, debate or question. "I intend to enforce the rule," he said.

The Speaker, who last week refused an immediate debate on complaints that the DPP's letter had been a breach of parliamentary privilege by attempting to restrict reporting of the Commons, said yesterday that he would be "content" if MPs themselves decided to refer the issue to the Commons Privileges Committee.

Mr. Enoch Powell, MP for South Down, tabled a Commons motion calling for such a move.

The Speaker, however, yesterday rejected an application by Mr. Max Madden, Labour MP for Sowerby, for an emergency debate on the legal position of Commons reporters.

Mr. Madden said the DPP's letter seemed to contradict the assumption that those who reported Parliament were covered by a qualified privilege that gave them legal protection so long as their reports were full, fair and without malice.

Unless the position was clarified, Mr. Madden said, the DPP could be instructed to "lean" on the media again not to publish.

Live broadcasting of Commons proceedings had brought a new dimension to the problem, he said. "These are important matters which must be debated and cannot be neglected—important for the sake of parliamentary democracy and freedom of the Press."

The Speaker agreed that the issues were important but rejected the request for an emergency debate.

Sir Francis Pym, from the Tory front bench, immediately pressed for a Government statement on the affair.

"The House really must have means of bringing this matter to a conclusion or at least of debating it or thrashing out the issues for the future."

Mr. Foot said that he agreed about the importance of the issues involved and would consider how they should be resolved.

Parliament, Page 12

Weather

U.K. TO-DAY

SHOWERS in many areas, cold in Cent. and E. England.

London, S.E., Cent. S. England, Midlands, E. Anglia

Cloudy, perhaps rain at first, cold. Max. 12C (54F).

E., N.E. England

Sunny intervals, showers, cold. Max. 8C (46F).

Channel Is., S.W. England

Bright intervals, perhaps showers. Max. 14C (57F).

Wales, N.W., Cent. N. England, Lakes, I. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland

Bright intervals, dry. Max. 12C (54F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N. Scotland

Sunny intervals, showers. Max. 7C (45F).

Outlook: Showers in E., dry in W., cold.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	20	68	Luxembrg.	S	16	61
Amstrdm.	S	12	54	Madrid	F	14	57
Athens	F	17	63	Manchstr.	S	15	59
Bahrain	C	32	90	Melbourne	C	16	61
Barcelona	C	16	61	Mexico C.	S	30	86
Beirut	C	17	63	Milan	F	16	61
Belfast	S	13	55	Montreal	S	13	55
Belgrade	C	13	55	Moscow	C	6	43
Berlin	C	17	63	Munich	S	17	63
Birmghm.	C	9	48	Newcastle	C	6	43
Bristol	S	15	59	New York	C	15	-
Brussels	S	18	64	Oslo	C	4	39
Budapest	F	18	64	Paris	S	18	64
B. Aires	S	[illegible]	[illegible]	Perth	S	28	82
Cairo	C	31	88	Prague	S	6	43
Cardiff	S	14	-	Reykjavik	F	6	43
[illegible]	S	16	61	Rio de J'o	R	29	84
Cologne	F	18	64	Rome	R	15	59
Copnhagn	R	7	45	Singapore	S	31	88
Dublin	C	12	54	Stockholm	R	1	34
Edinburgh	R	6	43	Strasbrg.	S	18	64
Frankfurt	S	17	63	Sydney	S	22	72
Geneva	F	15	59	Tehran	S	27	81
Glasgow	R	7	45	Tel Aviv	F	19	66
Helsinki	F	1	34	Tokyo	C	19	66
H. Kong	C	25	77	Toronto	S	13	55
Jo'burg	C	20	68	Vienna	F	17	63
Lisbon	C	13	55	Warsaw	R	13	55
London	S	17	63	Zurich	S	15	59

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	17	63	Istanbul	C	21	70
Algiers	F	21	70	Jersey	F	12	54
Biarritz	C	13	55	Las Plms.	C	18	64
Blackpool	F	16	61	Locarno	C	14	57
Bordeaux	C	11	52	Luxor	C	23	73
Boulogne	S	18	64	Majorca	F	18	64
Casblnca.	F	17	63	Malaga	S	19	66
Cape Tn	S	23	73	Malta	F	17	63
Corfu	F	17	63	Nairobi	S	24	75
Dubrovnik	C	17	63	Nice	C	16	61
Faro	F	18	64	Oporto	R	11	52
Florence	C	14	57	Rhodes	S	19	66
Funchal	C	17	63	Salzburg	S	17	63
Gibraltar	F	17	63	Tangier	F	16	61
Guernsey	F	13	55	Tenerife	C	12	54
Innsbruck	F	18	64	Tunis	C	20	68
Inverness	C	7	45	Valencia	S	21	70
Is. of Man	C	13	55	Venice	C	17	63

R—Rain. C—Cloudy. F—Fair. S—Sunny.

Continued from Page 1

Schmidt softens line

the economic elements of a new international package must not be forgotten. The main point was to tackle unemployment in 1979 and 1980.

The summit ranged over many other issues including East-West relations, the north-south dialogue and EEC policies on coal, fish and agriculture, Mr. Callaghan said. He could not pretend that a solution had been reached on either fisheries or agriculture — two issues which have sharply divided London and Bonn in recent weeks.

Mr. Callaghan reassured Herr Schmidt that the U.K. would take account of all international political factors in deciding on future development of the British civil aviation industry. This seemed to be intended to make it clear that the U.K. is fully aware of the repurcussions in Europe if it were to prefer cooperation with the U.S.

Mr. Callaghan said he would take a close interest in the issue. A number of groups in Britain had to be taken into account. These were the civil aviation industry, the aerospace industry, the aeroengine industry and the people who bought and flew in the aircraft,

Continued from Page 1

Benn

Three oil-fired power stations planned in the 1960s are being built. All have suffered from building delays. The Isle of Grain station of 3,300 MW will be Europe's biggest oil-fired power station. The two others are: Ince B on the Mersey, 1,000 MW; and Littlebrook D on the Thames, 2,000 MW.

On present fuel costings, those oil-fired stations would be about 10 per cent. more expensive to run than comparable coal-fired stations. But the gap has been narrowed recently by coal price rises and the falling cost of some oil. The generating Board's view is that it must not become totally dependent on any one fuel source.

THE LEX COLUMN

New York flies an offshore kite

Index rose 5.4 to 460.4

There are 14,000-odd banks in America and the fact that more of them operate in the City of London than in the City of New York has always looked rather strange. But if the recently floated idea of establishing an offshore banking centre in the U.S. materialises, New York could re-establish its reputation as the leading international financial centre.

The idea is the brainchild of Mr. Walter Wriston, Citibank's chairman, and he feels that it has a very good chance of getting off the ground once it has been given the green light by the regulatory authorities. Put simply, the intention is to establish an international banking zone in the heart of New York where banks would take and lend offshore deposits, free of reserve requirements and tax.

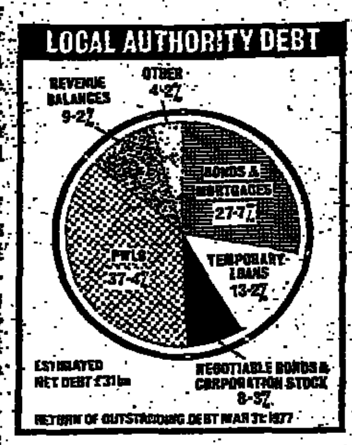
At the moment, because of the onerous U.S. reserve requirements and interest-rate controls, U.S. banks conduct a growing part of their international business offshore. First it went to London and then it spilled over into exotic places like the Bahamas and the Cayman Isles.

Apart from bringing business back to America the big attraction of the "offshore" scheme is that it will have a significant impact on New York employment. Apart from New York, similar schemes are under discussion for Illinois and California. The Citibank scheme appears to have the backing of the New York state assembly and regulatory authorities. However, the Federal Reserve will have to waive its interest rate and reserve requirements and there is no certainty that it will oblige. It is apparently worried about the possible monetary leakages associated with such a scheme.

Despite the official reservations Citibank is keen to stress the positive side. Mr. Wriston believes the scheme will only have a marginal impact on London and that the losers will be places like the Cayman Isles where "There will be a lot more turtles and far less computers."

Greenwich issue

Now that the new financial year has started the local authority corporation stock market is coming back to life. Yesterday, Greenwich tested the water, announcing a £20m. issue



of 11¾ per cent. Redeemable 1986, offering a gross redemption yield of 11.95 per cent. This is just over 1½ points more than the comparable gilt and is in line with similarly dated local authority issues. Provided the market does not slump between now and Thursday the issue should go fairly well. But the existence of a new long gilt-edged tap will probably prevent a massive oversubscription.

There has been a shortage of fixed interest local authority new issues recently and the premium over gilts has been declining. There is understood to be a moderate-sized queue of would-be issuers forming at the Bank of England but it is nowhere near as long as a year ago. The banks are still flush with funds and although they are reluctant to provide fixed rate term money they have been lending substantial sums of floating rate money for terms of up to 10 years.

Simon Engineering

Simon Engineering's reported one-third increase in pre-tax profits to £14.3m. for 1977 gives a somewhat flattering impression. Adding back to £1.8m. special pension provision charged in 1976, the gain drops to just over a fifth. Moreover Simon has changed its currency translation method in time to push a £443,000 debit below the line, whereas a £570,000 credit for 1976 was originally included in the pre-tax figure. Still, taking these factors into account Simon's performance is in line with expectations.

The fall in turnover to £197m. has little significance because of a partial switch to [illegible] work on the process pl[illegible] tracting side. Here th[illegible] had a good year, th[illegible] 80 per cent. profits j[illegible] £2.8m.—is partly [illegible] recovery after non-[illegible] provisions in 1976. [illegible] engineering profits are [illegible] cent. at £4.2m., but he[illegible] the 1976 figures were [illegible] by delays on an Egypt[illegible] tract. A good perform[illegible] the manufacturing s[illegible] held back by problem[illegible] U.S., and heavy initi[illegible] costs in Europe.

Engineering order[illegible] remain low, and Simon [illegible] well to make as much [illegible] pre-tax in 1978. W[illegible] market taking a cauti[illegible] the shares trade on a [illegible] 5.6.

Slump prospects

An insight into the [illegible] of the world's biggest s[illegible] ing companies is tack[illegible] slump comes in the p[illegible] for a $50m. Eurodol[illegible] by Ishikawajima-Harim[illegible] Industries (IHI). Fa[illegible] a drop of over four-fift[illegible] outstanding orders in t[illegible] of under three years, [illegible] no expectations of a [illegible] orders for supertank[illegible] "several years" to co[illegible] has pushed hard for [illegible] specialised ships with [illegible] sales value. And it has d[illegible] new uses for its ship[illegible] facilities, including su[illegible] ders as a floating kr[illegible] plant.

All the same pro[illegible] deteriorating dramatic[illegible] does not intend to lay [illegible] of its permanent empl[illegible] the shipbuilding side, [illegible] other businesses, wh[illegible] account for about thre[illegible] sales, have also been [illegible] by a slowdown in [illegible] orders for capital equip[illegible]

Operating income is [illegible] have fallen substantial[illegible] year just ended — [illegible] income has declined [illegible] greater rate. The de[illegible] will continue in 1978-7[illegible] may not seem the ide[illegible] ground for a new issu[illegible] IHI's formidable financ[illegible] ing. At the latest coun[illegible] holders' funds represen[illegible] an eighth of the total c[illegible] tion of over $3bn. But [illegible] way in Japan, the issu[illegible] conditionally guarant[illegible] IHI's bank with which [illegible] established what are ch[illegible] described as "solidarit[illegible] holdings." So it has [illegible] through nice and smoot[illegible]

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